MGB BERHAD

(Company No.: 589167-W)

VALUE DRIVEN INNOVATION

ANNUAL REPORT 2018

VALUE DRIVEN INNOVATION

With a new brand, comes new life and opportunities. In MGB, we constantly look to bring innovative inspiration that gives our clients the best end result. We believe in efficient innovation that drives to be better, our people that gives us strength to inspire others and our unfailing determination to serve our clients. With multiple professional expertise, we promise to give the future a better tomorrow.

REASON TO BELIEVE

INNOVATION

Driving efficiency by constantly adopting new methods to optimise value, quality, time, resources and processes for better productivity.

PEOPLE

Integrity and solid leadership are core strengths of MGB that fuels value, innovation and inspires human connection that makes a difference.

RELIABILITY

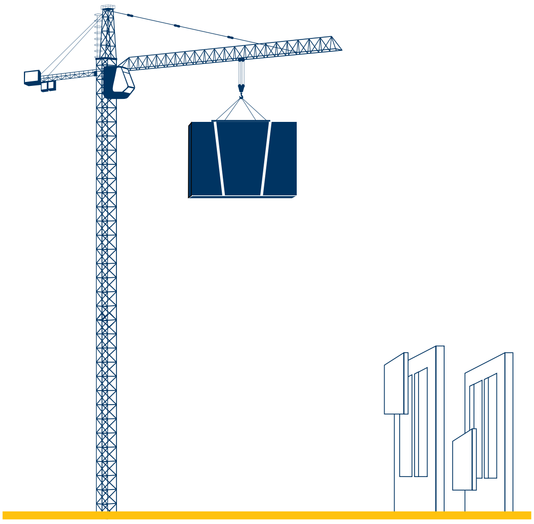
Demonstrated through accountability, product quality, efficiency in project management and overall service experience.

MANIFESTS THROUGH

MGB

MALAYSIAN GENERATIONS BUILDER

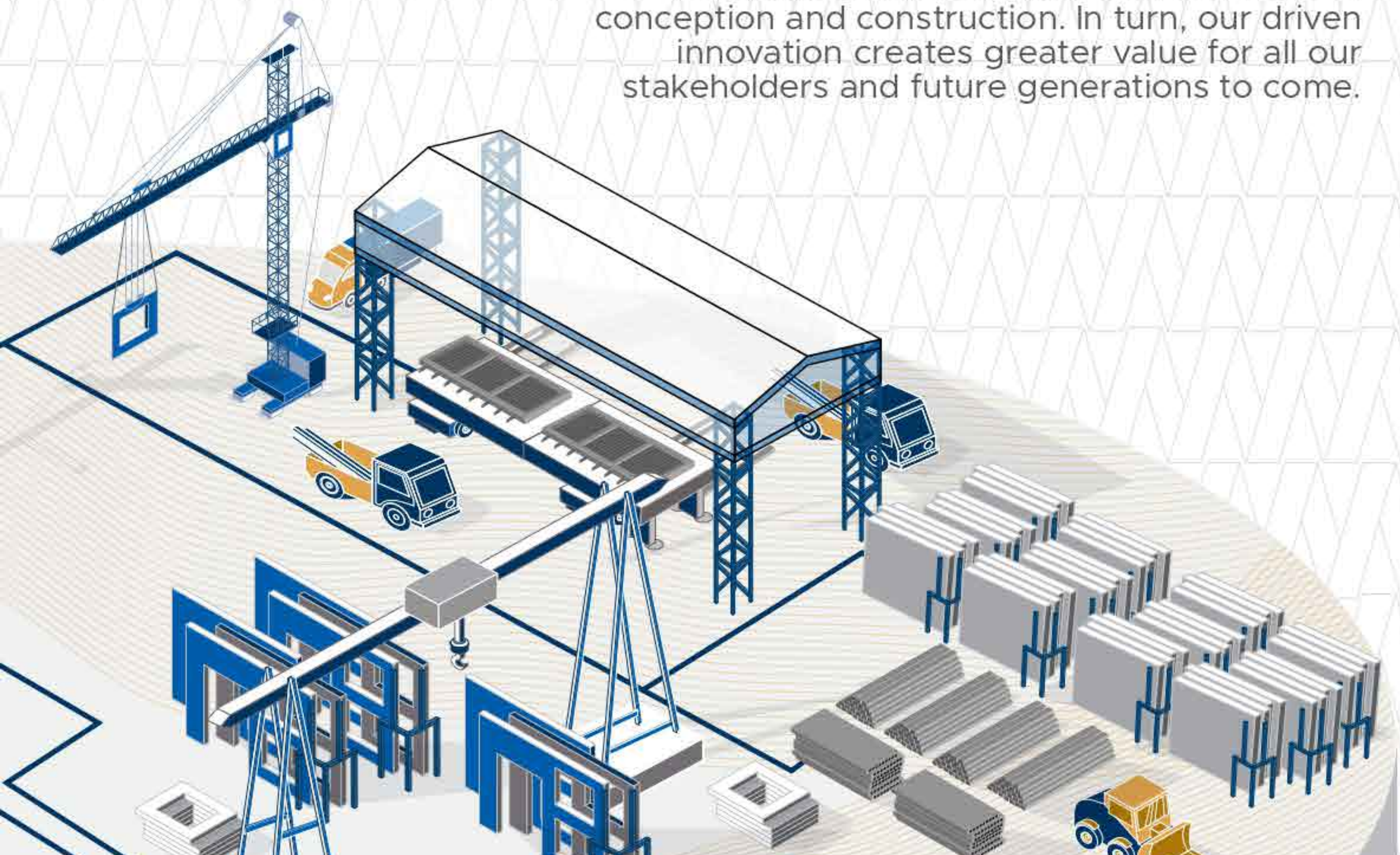
CONTENTS




CREATIVITY
100
PASSION
100
CARE
100
MCB

THE VALUE. OUR DRIVEN INNOVATION.

Future living is increasingly tipping towards sustainable spaces that integrate community with commerce, communication and conservation. At MGB, we value the art and science of developing and adopting new and better solutions in conception and construction. In turn, our driven innovation creates greater value for all our stakeholders and future generations to come.



VISION & MISSION

OUR VISION

To be a recognised design and build expert setting new standards in creating living spaces to enrich life.

OUR MISSION

To constantly push boundaries and surpass expectations through Quality, Reliability and Innovation.

BRAND VALUES

PASSION.

We believe that passion in the business causes us to self-innovative. It spurs us to explore and to embrace new ideas of working, new software and new ways of communication to create greater timeliness and efficiency for our clients. Greater efficiency means a better bottomline.

CREATIVITY.

We understand that every generation has different needs. Innovation can come through creative thinking that provides apt solutions that cater to the specific needs, so that greater value is felt to the end consumer.

CARE.

We believe in a working culture that puts people first-people innovation. Apart from caring for their well-being, we believe in promoting and nurturing talent by providing the right environment and guidance to create a culture of seeking progress.

CORPORATE STRUCTURE

UPDATED AS AT 31 MARCH 2019

MGB BERHAD
(589167-W)

- 100% MITC ENGINEERING SDN BHD
  - 100% PRISMA KASTURI SDN BHD
  - 100% PRISMA CRAFT SDN BHD
  - 100% TOP ACE SOLUTIONS SDN BHD
  - 70% MGB GEOTECH SDN BHD
  - 51% MGB SANY (M) IBS SDN BHD
  - 30% MGB JPC CONSULTANCY SDN BHD
  - 30% YLT CONSULTANCY SDN BHD
- 100% MGB CONSTRUCTION SDN BHD
- 100% MGB LAND SDN BHD
  - 100% DELTA GALLERY SDN BHD
  - 100% IDAMAN KUKUH SDN BHD
  - 100% MULTI COURT DEVELOPERS SDN BHD
- 100% VINTAGE ROOFING & CONSTRUCTION SDN BHD
  - 100% VTI CONSORTIUM SDN BHD
- 100% VINTAGE TILES HOLDINGS SDN BHD
- 80% NEWSTEEL BUILDING SYSTEMS SDN BHD
- 51% ALUNAN WARTA SDN BHD

CORPORATE INFORMATION

AS AT 31 MARCH 2019

BOARD OF DIRECTORS

DATO' ABDUL MAJIT BIN AHMAD KHAN DIMP
Independent Non-Executive Chairman

TAN SRI LIM HOCK SAN
PSM, SSAP, DSSA, JP
Group Managing Director

DATUK WIRA LIM HOCK GUAN
DCSM, DMSM, PJK, JP
Executive Director

DATUK LIM LIT CHEK DPSM
Executive Director &
Chief Executive Officer

LIM KIM HOE
Executive Director &
Deputy Chief Executive Officer

CHIN SUI YIN
Senior Independent
Non-Executive Director

DATO' BEH HANG KONG DSIS
Independent Non-Executive Director

NADHIRAH BINTI ABDUL KARIM
Independent Non-Executive Director

AUDIT COMMITTEE

CHIN SUI YIN *Chairman*
DATO' ABDUL MAJIT BIN AHMAD KHAN
DATO' BEH HANG KONG
NADHIRAH BINTI ABDUL KARIM

NOMINATION & REMUNERATION COMMITTEE

DATO' ABDUL MAJIT BIN AHMAD KHAN *Chairman*
CHIN SUI YIN
DATO' BEH HANG KONG

RISK MANAGEMENT COMMITTEE

DATUK LIM LIT CHEK *Chairman*
LIM KIM HOE
WONG TACK LEONG
CHEW WEE SEONG
LEE HON MENG
TAN SUAN SUAN
TOH CHIEW KIAN
YEO WEE CHING

COMPANY SECRETARY

YEO WEE CHING
MAICSA 7063236

REGISTERED OFFICE

I-6, Sunway PJ@51A
Jalan SS9A/19, Seksyen 51A
47300 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T +603-7874 5888
F +603-7874 5889

BUSINESS ADDRESS

HEAD OFFICE
H-G, Sunway PJ@51A
Jalan SS9A/19, Seksyen 51A
47300 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T +603-7874 5888
F +603-7874 5889

SALES GALLERY & OFFICES

ZENOPY RESIDENCES
173 & 175 Jalan LP 7/2
Taman Lestari Perdana
Bandar Putra Permai
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Hotline: 1700 81 8998

LAMAN BAYU
Lot 16913-A
Jalan Putera Indah 7/1
Taman Putera Indah
Tongkang Pecah
83000 Batu Pahat
Johor Darul Takzim
Malaysia
Hotline: 1700 81 8899

HOSPITALITY

ZETTER SUITES
C-G-31, Barrington Square
Apartment
Jalan Golden Hills 1
Cameron Golden Hills, 39000
Tanah Rata, Cameron Highlands
Pahang Darul Makmur
Malaysia
T +605-485 1119

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8
Jalan Kerinchi
59200 Kuala Lumpur
T +603-2783 9299
F +603-2783 9222

SOLICITORS

Steven Tai, Wong & Partners
Manjit Singh Sachdev, Mohammad Radzi & Partners
Nanthakumar & Co
Ong & Partners
Ting & Ting

AUDITOR

Messrs. UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
T +603-2279 3088
F +603-2279 3099

PRINCIPAL BANKERS

Public Bank Berhad
AmBank (M) Berhad
OCBC Bank (M) Berhad
United Overseas Bank (M) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name	: MGB
Stock Code	: 7595
Warrant	: MGB-WA
Warrant Code	: 7595WA
Sector	: Construction

WEBSITE

www.mgbgroup.com.my

EMAIL

Customer Service:
custcare@mgbgroup.com.my

SOCIAL MEDIA

Follow MGB Berhad on:

DIRECTORS' PROFILES

DATO' ABDUL MAJIT BIN AHMAD KHAN

Independent Non-Executive Chairman

NATIONALITY :
Malaysian

AGE/GENDER :
73/Male

DATE OF APPOINTMENT :
1 August 2014

Dato' Abdul Majit bin Ahmad Khan ("**Dato' Abdul Majit**") was appointed to the Board as Independent Non-Executive Chairman of the Company on 1 August 2014. He is the Chairman of the Nomination and Remuneration Committee and a member of Audit Committee of the Company.

Dato' Abdul Majit holds a Bachelor of Economics (Honours) from Universiti Malaya. He served with the government for thirty four (34) years and held various positions in the Prime Minister's Department and the Ministry of Foreign Affairs of Malaysia. His positions provided him with wide exposures in various countries that he served at, such as Laos, Vietnam, USA, Nigeria, Ghana, Cote de Ivoire, Sierra Leone and Cameroon, the Democratic People's Republic of Korea and the People's Republic of China.

In his capacity as the Under Secretary of West Asia and the Organisation in Islamic Cooperation ("**OIC**"), he participated in several Ministerial and prime Ministerial visits to West Asian Countries and OIC Meetings. He was the Director General of the Association of Southeast Asian Nations ("**ASEAN**") Division of the Ministry of Foreign Affairs, from 1996 until 1998. As Director General of ASEAN Division, he actively participated in the organisation of the 30th ASEAN Ministerial Meeting held in Kuala Lumpur as well as the ASEAN Heads of Summit and the 10+3 Summit Meetings in Malaysia. In 1998, Dato' Abdul Majit was appointed as the Ambassador of Malaysia to the People's Republic of China until his retirement on 2 January 2005.

Dato' Abdul Majit is currently the President of the Malaysia-China Friendship Association (position held since 2005), Director of Malaysia-China Business Council, Honorary Chairman of the Malaysia-China Chamber of Commerce and as an Adjunct Professor to the Institute of China Studies, University of Malaya. He is also an Advisor to Invest KL and the cofounder of Zheng He International Peace Foundation based in Washington D.C.

Dato' Abdul Majit's other directorship in public companies include Hong Leong Asset Management Berhad, Zecon Berhad and Dutaland Berhad.

He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

TAN SRI LIM HOCK SAN, JP

Group Managing Director

NATIONALITY :
Malaysian

AGE/GENDER :
61/Male

DATE OF APPOINTMENT :
1 August 2014

Tan Sri Lim Hock San ("**Tan Sri Lim**") was appointed to the Board as a Non-Independent Non-Executive Director on 1 August 2014. Subsequently, he was re-designated as the Managing Director on 5 July 2016.

Upon graduation in 1982 with First Class Honours in Civil Engineering from the University of Wales, UK, Tan Sri Lim returned to Malaysia and took over the realm of the family business from his father. Two decades later, the businesses have expanded to become LBS Bina Group Berhad ("**LBGB**"). On 6 December 2001, he was appointed as the Managing Director of LBGB.

With excellent entrepreneurship, acquired management skills and experienced technical expertise, Tan Sri Lim became the Key Leader and spearheaded LBGB and its subsidiaries ("**LBGB Group**") to become one of the leading players in the property development industry.

These outstanding accolades were awarded personally to Tan Sri Lim:-

i. Second prize in the British Steel Corporation Competition for Design in Hollow Steel Section, 1982
ii. Recipient of the inaugural Platinum Entrepreneur Award by SMI Association of Malaysia, 2011
iii. Prestigious Entrepreneur of the Year by Asia Pacific Entrepreneurship Awards (APEA), 2012
iv. Malaysia Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2014
v. Conferment of World Chinese Economic Summit (WCES) Lifetime Achievement Award for continued efforts in enhancing bilateral relations between Malaysia and China (Guangdong Province), 2015
vi. Bestowed with The BrandLaureate Hall of Fame - Lifetime Achievement Brand Icon Leadership Awards by Asia Pacific Brands Foundations, 2015
vii. Global Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2016
viii. Most Affluent Chinese Entrepreneur Awards, 2016
ix. Property Insight Prestigious Developer Awards (PIPDA) - Personality of the Year, 2017
x. Asia Corporate Excellence & Sustainability Awards (ACES) - Outstanding Leader in Asia, 2017
xi. Special Distinguished Award for Promotion of China-ASEAN Relations at the 9th World Chinese Economic Summit (WCES), 2017
xii. Worldwide Excellence Award (WEA) - Person of the Year, 2017
xiii. Queen Victoria Commemorative Medal by The Europe Business Assembly, 2017
xiv. 8th Global Leadership Awards 2018 - Lifetime Achievement Award, 2018
xv. The BrandLaureate Prominent Business Brand Awards: Most Eminent - Prominent Business Brand Leadership Award, 2018
xvi. The BrandLaureate Special Edition World Awards: BrandLaureate World Brandpreneur Hall of Fame - Lifetime Achievement Award, 2018
xvii. FIABCI Malaysia Property Award - Property Man of the Year, 2018

Being a philanthropist and an active advocate of social and community works, Tan Sri Lim sits on the board of these organisations:-

1. Chairman, Board of Governors of SMJK Katholik
2. Chairman, Board of Governors of SJK (C) Tun Tan Siew Sin
3. President, The Federation of Hokkien Associations Malaysia
4. President, The Federation of Malaysia Lim Associations
5. President, Malaysia-Guangdong Chamber of Investment Promotion
6. President, Malaysia Chamber of Commerce in China-Guangdong
7. President, Persekutuan Persatuan-Persatuan Ann Koai Malaysia
8. President, Persatuan Anxi Selangor Dan W.P. Kuala Lumpur
9. Vice President, Fujian Overseas Exchanges Association 6th Council
10. Vice President, The World Lin's Association
11. Honorary Life Chairman, Board of Governors of SJK (C) Sungai Way
12. Honorary Life Chairman, Selangor Petaling Business & Industry Association
13. Honorary Chairman, Rumah Berhala Leng Eng Tian
14. Honorary Life President, Gabungan Persatuan Cina Petaling Jaya, Selangor
15. Honorary President, Malaysia-China Silk Road Entrepreneurs Association
16. Honorary President, The Federation of Malaysian Clans and Guilds Youth Association
17. Honorary President, Catholic High School Alumni Association
18. Honorary President, Persatuan Penganut Tho Guan Sen
19. Honorary President, Young Malaysians Movement
20. Honorary Life Adviser, The Federation of Chinese Associations Malaysia
21. Honorary Life Adviser, Tan Kah Kee Educational Charity Foundation
22. Honorary Adviser, The Federation of Malaysia Chinese Surname Association
23. Honorary Adviser, Malaysia-China Chamber of Commerce
24. Honorary Adviser, Gabungan Persatuan Keturunan Cina Negeri Sembilan
25. Adviser, Persatuan Ko Chow Sungai Way
26. Adviser, Kelab Sungai Way
27. Adviser, Majlis Pembangunan Sekolah Menengah Jenis Kebangsaan Malaysia
28. Advisory Committee, Malaysia China Mergers & Acquisitions Association
29. Deputy Chairman, Selangor/KL Lim Clansmen Association
30. Overseas Representative, The 5th Session of The 12th Chinese People's Political Consultative Conference
31. Overseas Representative, Fujian Chinese People's Political Consultative Conference
32. Committee, The 6th China Overseas Exchange Association
33. Committee, China Federation 10th Plenary Session
34. Committee, China Chamber of International Commerce
35. Committee, Fujian Provincial Federation
36. National Council Member, The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)

Tan Sri Lim is the father of Mr Lim Kim Hoe and brother of Datuk Wira Lim Hock Guan, both who are the Executive Directors of MGB Berhad. Pursuant to Section 8 of the Companies Act, 2016, Tan Sri Lim is deemed a major shareholder of the Company and does not have any conflict of interest other than those disclosed in the Company's Circular to Shareholders dated 25 April 2019.

DATUK WIRA LIM HOCK GUAN, JP

Executive Director

NATIONALITY :
Malaysian

AGE/GENDER :
57/Male

DATE OF APPOINTMENT :
1 August 2014

Datuk Wira Lim Hock Guan was appointed to the Board as the Non-Independent Non-Executive Director of the Company on 1 August 2014. Subsequently, he was re-designated as Executive Director of the Company on 5 July 2016.

He was appointed as Executive Director of LBS Bina Group Berhad ("**LBGB**") on 6 December 2001. He holds a B.Sc. Civil Engineering from the Tennessee Technology University, USA. He started his career as a Civil Engineer upon his graduation.

Datuk Wira Lim Hock Guan has more than 20 years of extensive experience in the field of property development and construction. He is in charge of the LBGB and its subsidiaries' ("**LBGB Group**") projects in Klang Valley and he is one of the major driving forces behind the LBGB Group's successful implementation of the projects in the Klang Valley.

He is also active in community works and has involved in several non-profit-making organisations. He is the Chairman of Persatuan Hokkien Sungai Way, President of Selangor Petaling Business & Industry Association, Vice President of Malaysia-Guangdong Chamber of Investment Promotion and the Vice President of The Malaysian Chamber of Commerce in Guangdong, China. He is also a qualified sharpshooter from National Rifle Association, Washington D.C.

Datuk Wira Lim Hock Guan sits on the Board of several subsidiary companies of the LBGB Group. He is member of Risk Management Committee and ESOS Committee in LBGB. He also sits on the Board of Zhuhai Holdings Investment Group Limited, a company listed on the Main Board of Hong Kong Stock Exchange, as Non-Executive Director.

He is the brother of Tan Sri Lim Hock San, the Group Managing Director of the Company. He is also deemed as a Major Shareholder of the Company pursuant to Section 8 of the Companies Act, 2016. He has no conflict of interest with the Company other than those disclosed in the Company's Circular to Shareholders dated 25 April 2019.

DATUK LIM LIT CHEK

Executive Director & Chief Executive Officer

NATIONALITY :
Malaysian

AGE/GENDER :
42/Male

DATE OF APPOINTMENT :
1 December 2016

Datuk Lim Lit Chek was appointed to the Board as Executive Director and Chief Executive Officer ("**CEO**") of the Company on 1 December 2016. He is also the Chairman of Risk Management Committee of the Company.

He graduated with a Master Degree in Engineering Management from the Ivy League's Cornell University in New York. He also holds a First Class Honours Bachelor Degree in Civil Engineering and a Bachelor Degree in Business Administration with the highest distinction from the RMIT University in Melbourne.

His other academic achievements include winning the VICROADS Education Prize, Best Student Award, Golden Key National Honor Society Award, Most Innovative Award in Concrete Design Competition (C.I.A.), all of which in Australia and the Fellowship Merit Award from Cornell University.

As a member of Board of Engineering Malaysia, he has eighteen (18) years of experience in the field of property development and construction.

In 2007, he founded MITC Engineering Sdn Bhd, a subsidiary of MGB Berhad and holds the position of Managing Director, under his astute leadership, the company business has achieved great milestone.

He is actively involved in Non-Governmental Organisation ("**NGO**"). He is currently the President of Petaling Lim Clan Association, Vice President of Malaysia Guangdong Chamber of Investment Promotion (MGCIP), Vice President of Selangor Petaling Business and Industry Association, Vice President of KL-Selangor Anxi Association, Vice President of Selangor Sungai Way Hokkian Association and Deacon of Mega Chinese Methodist Church. He is also a Committee Member of The Federation of Malaysia Lim Associations and Malaysia Anxi Associations.

He does not hold any directorship in other public companies. He is one of the Major Shareholders of the Company. He does not have any family relationship with any other Director of the Company nor any conflict of interest with the Company.

MR LIM KIM HOE

Executive Director & Deputy Chief Executive Officer

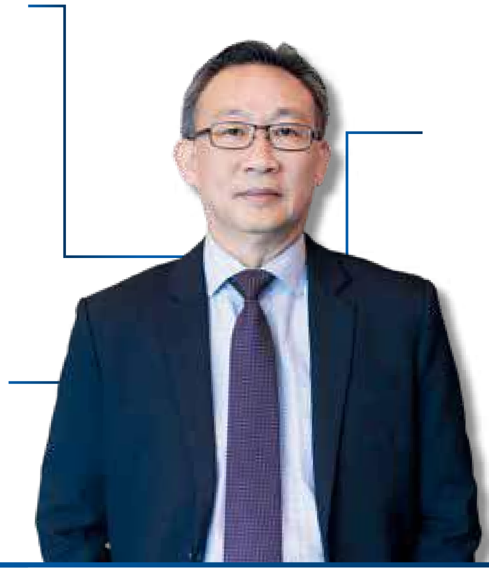
NATIONALITY :	AGE/GENDER :	DATE OF APPOINTMENT :
Malaysian	34/Male	1 August 2014

Mr Lim Kim Hoe was appointed to the Board as Executive Director of the Company on 1 August 2014. He has also been appointed as Deputy Chief Executive Officer and a member of Risk Management Committee of the Company.

Mr Lim Kim Hoe graduated with an Honour Degree in Bachelor of Engineering (Civil) from the University of Melbourne, Australia. After graduation, he began his career with LBS Bina Group Berhad where he was involved in property management, business development and construction activities.

He is a member of Yayasan Ang Koai Selangor, Lim Association Selangor and Persatuan Hokkien Seri Setia as well as other charitable and non-profit-making organisations.

He does not hold any directorship in other public companies. He is the son of Tan Sri Lim Hock San, the Group Managing Director of the Company. He has no conflict of interest with the Company.



MR CHIN SUI YIN

Senior Independent Non-Executive Director

NATIONALITY :	AGE/GENDER :	DATE OF RE-DESIGNATION :
Malaysian	56/Male	14 September 2012

Mr Chin Sui Yin ("**Mr Chin**") was appointed to the Board as an Executive Director of Company on 28 November 2007 and was re-designated as Non-Independent Non-Executive Director on 9 May 2008. On 14 September 2012, Mr Chin was re-designated as Independent Non-Executive Director of the Company. Subsequently, he was appointed as Senior Independent Non-Executive Director on 31 January 2017. Mr Chin is the Chairman of Audit Committee and a member of Nomination and Remuneration Committee of the Company.

Mr Chin is an Accountant by profession, a fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom and a member of Malaysian Institute of Accountants (MIA). He started his career with an international accounting firm KPMG in 1983, handling various audit and non-audit assignments of companies involved in a wide range of business activities. He moved on to commercial sector in 1989 and has 28 years of commercial experience working in various industries such as financial institutions, stock exchange, manufacturing and data centre and has held different roles including corporate restructuring, risk management, compliance, equity dealings, treasury management and was a member of audit committee and risk management committee in a local leading financial institution. Currently, Mr Chin holds a key leadership role in a data centre operator with a leading position in South East Asia.

Mr Chin does not hold any other Directorship in other public company. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

DATO' BEH HANG KONG

Independent Non-Executive Director

NATIONALITY :	AGE/GENDER :	DATE OF RE-DESIGNATION :
Malaysian	61/Male	1 February 2019

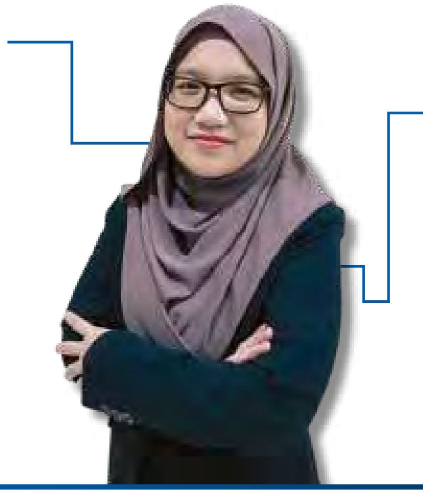
Dato' Beh Hang Kong ("**Dato' Beh**") was appointed to the Board as the Managing Director of the Company on 16 January 2008 and was re-designated as an Executive Director on 4 July 2016. On 1 February 2019, Dato' Beh was re-designated as Independent Non-Executive Director of the Company, 2 years after being appointed as Non-Independent Non-Executive Director. He is a member of Audit Committee as well as Nomination and Remuneration Committee of the Company.

He started his career in 1980 as a reporter with China Press Berhad. In 1982, he was employed as a Regional Executive Secretary by the Malaysian Chinese Association. He left this position in 1985 to establish a company involved in the marketing of office equipment before he extensively invest into property investments and development.

From 1986 - 1990, he served as Municipal Councillor for the Majlis Perbandaran Shah Alam. Currently, he is the Executive Director of Yong Tai Berhad, a company listed on the main market of Bursa Malaysia Securities Berhad. He is also the Deputy Board Chairman of China-Malaysia Qinzhou Industrial Park (CMQIP) in Qinzhou, Quangxi, People's Republic of China and directors of several other private limited companies.

On the Non-Governmental Organisation (NGO) side, he is a director of Malaysia-China Business Council (MCBC), Chairman of China-Asean Entrepreneur Association (Malaysia) and Deputy Chairman of Malaysia-Guangdong Chamber of Investment and Promotion (MGCIP).

He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.



PUAN NADHIRAH BINTI ABDUL KARIM

Independent Non-Executive Director

NATIONALITY :	AGE/GENDER :	DATE OF APPOINTMENT :
Malaysian	31/Female	1 February 2019

Puan Nadhirah binti Abdul Karim ("**Puan Nadhirah**") was appointed to the Board as Independent Non-Executive Director of the Company on 1 February 2019. She is also a member of Audit Committee of the Company.

Puan Nadhirah graduated with an Honour Degree in Bachelor of Accountancy from Universiti Teknologi Mara. She started her career as an auditor upon her graduation. She has nine (9) years' of experience working in an audit firm where bringing with her a wealth of experience from auditing, financial reporting practices and processes, taxation matters and corporate advisory which involved in the field such as manufacturing, trading, retail, consulting services.

She does not hold any other Directorship in other public company. She does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

KEY MANAGEMENT'S PROFILES

KEY MANAGEMENT'S PROFILES

- **DATUK LIM LIT CHEK***
  Executive Director & Chief Executive Officer
- **MR LIM KIM HOE^**
  Executive Director & Deputy Chief Executive Officer
- **MR WONG TACK LEONG**
  Deputy Chief Executive Officer
- **MR CHEW WEE SEONG**
  Chief Operating Officer

- **MR LEE HON MENG**
  Chief Operating Officer
- **MR WONG YUEN MENG**
  Executive Director of MGB Geotech Sdn Bhd
- **MS TAN SUAN SUAN**
  Assistant General Manager of Accounts & Finance Department
- **MS LEE KAR YEN**
  Assistant General Manager of Contract Department

- **MR CHAN AH SOON**
  Assistant General Manager of Project Department
- **MR LAU CHEE TAT**
  General Manager of MGB SANY (M) IBS Sdn Bhd
- **MR YEO WEE CHING**
  Assistant General Manager of Secretarial, Corporate Affairs and Risk Management Department

* For details of Datuk Lim Lit Chek's profile, please refer to page 11 of this Annual Report.
^ For details of Mr Lim Kim Hoe's profile, please refer to page 12 of this Annual Report.

MR WONG TACK LEONG

Deputy Chief Executive Officer

NATIONALITY : Malaysian

AGE/GENDER : 47/Male

Mr Wong Tack Leong ("**Mr Wong**") was appointed as Deputy CEO of the Company on 1 December 2016. He oversees the operational functions including administration, construction and project management, contract administration as well as monitoring the financial performance of the MGB Berhad ("**MGB**") and its subsidiaries. He is also a member of Risk Management Committee of the Company.

He holds Bachelor of Building (Quantity Surveying) from University of South Australia. He is also a member of Australia Institute of Quantity Surveyors, Associate member of the Malaysian Institute of Arbitrators and Institute of Value Management Malaysia.

He joined MITC Engineering Sdn Bhd ("**MITCE**"), a subsidiary of MGB as a General Manager in 2007 and was later promoted as Executive Director of MITCE.

Prior to joining MGB, he worked as an associate Quantity Surveyor Consultant in construction industry. He has over 20 years of experience in various aspects of construction sector particularly in relation to building and infrastructure projects as well as oil and gas related fields. He has wide range of knowledge and actively involved in pre and post building contract implementation, EPCC contract, costing and feasibility studies.

Mr Wong does not hold any directorship in other public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

CORPORATE INFORMATION

MR CHEW WEE SEONG

Chief Operating Officer

NATIONALITY : Malaysian

AGE/GENDER : 48/Male

Mr Chew Wee Seong ("**Mr Chew**") was redesignated as Chief Operating Officer ("**COO**") of the Company on 1 December 2016. Currently, he is responsible for MGB's Group corporate functions including Accounts and Finance, Treasury, Legal, Secretarial, Corporate Affairs & Risk Management as well as Credit & Property Management Department. He is also member of Risk Management Committee.

He is a Bachelor of Finance graduate of St. Cloud State University in the United States. He also holds a MBA (Merit) graduate from the prestigious Cardiff Metropolitan University in Cardiff, United Kingdom. In addition, he is a professional property manager registered and licensed by the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP) to carry out professional property management practice under the Valuers, Appraisers, Estate Agents and Property Managers Act 1981 (as amended) (Act 242).

Mr Chew served as Head of Credit Administration Department with a leading local bank. For more than five (5) years of working experience in the banking and finance industry, he gained extensive experience including credit processing, marketing, credit control and review, security and risk management and consumer banking operations.

His previous experience also provided him with training in marketing, financial management and planning skills.

Mr Chew joined LBS Bina Group Berhad ("**LBGB**") Group in August 2000. He gained a vast experience in property related development. Over the years with LBGB Group, he has held several portfolios including customer service, maintenance, sales and marketing, credit administration and property management for projects of LBGB Group.

He was appointed as the Chief Executive Officer ("**CEO**") of the Company from August 2014 to November 2016, before he was re-designated as COO of the Company. During his tenure as CEO of the Company, he oversaw the corporate function of the group, as well as the day to day operation of both construction and manufacturing. He had successfully turned around the Company from a loss making to profitable entity and also successfully uplifted the Company from being classified as PN17.

Mr Chew does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR LEE HON MENG

Chief Operating Officer

NATIONALITY : Malaysian

AGE/GENDER : 40/Male

Mr Lee Hon Meng ("**Mr Lee**") was appointed as Chief Operating Officer of the Company on 1 December 2016. He is currently responsible for Construction Division and Purchasing Department. He is also member of Risk Management Committee of the Company.

He graduated with Bachelor of Science (Physics) from Universiti Sains Malaysia (USM). He has 17 years of experience in the field of Construction Management.

Mr Lee had completed various high profile projects. These projects include the Putra LRT Stations and the new Pantai Highway Bridge from Taman Datuk Harum to Pantai Dalam.

Mr Lee areas of expertise, among others, are high rise construction, geotechnical engineering, infrastructure works and value engineering in achieving cost optimisation. He leads in establishing and monitoring effective management systems based on international standards namely, Quality Management System (ISO 9001:2015), Health and Safety Management System (OHSAS 18001:2007) and Environmental Management System (ISO 14001:2015).

Mr Lee does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR WONG YUEN MENG

Executive Director of MGB Geotech Sdn Bhd

NATIONALITY : Malaysian

AGE/GENDER : 50/Male

Mr Wong Yuen Meng ("**Mr Wong**") was appointed as an Executive Director of MGB Geotech Sdn Bhd, an indirect subsidiary of the Company on 8 May 2017. He is responsible for overseeing the piling construction and foundation works in MGB Group.

He graduated with a Diploma in Automobile Engineer from The Federal Institute of Technology in 1990. He has more than 17 years of experience in the field of property development and construction especially in foundation engineering.

Mr Wong started his career in year 1991 as an Assistant Store Keeper at Hudson Malaysia Sdn Bhd. Thereafter, he joined NEC Corporation of Malaysia Sdn Bhd as Regional Spare Parts Controller from 1993 to 1995. After years of experience in variety of jobs, in 1996, he joined Durapile Sdn Bhd, a pile manufacturing company as a company director.

Prior to current position in MGB Geotech Sdn Bhd, he was appointed as a Director of Summit Piling Sdn Bhd from year 2007 until 2009 and a director of MNM Piling Sdn Bhd from 2009 until 2017.

Mr Wong does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MS TAN SUAN SUAN

Assistant General Manager of Accounts & Finance Department

NATIONALITY : Malaysian

AGE/GENDER : 36/Female

Ms Tan Suan Suan ("**Ms Tan**") was appointed as Assistant General Manager, Accounts & Finance of the Company on 20 December 2016. She is also member of Risk Management Committee of the Company.

She graduated with Bachelor of Commerce majoring in Account & Finance from University of Queensland, Australia. She is also a member of Malaysian Institute of Accountants (MIA) and Certified Practicing Accountants (CPA), Australia.

Ms Tan began her career with Messrs. Ernst & Young ("**EY**") in 2005. Throughout the years with EY, she has accumulated vast experience in audit and advisory services especially for listed entities in different sectors including property development, construction, manufacturing, concessionaire and food and beverages.

Prior to joining the Company, she was the Senior Group Finance Manager and Head of Department for a local listed construction group. She is the key person responsible for reporting and compliance matters, banking and treasury matters, corporate exercises and investor relations. During her tenure as the Head of Department, she had been appointed as the representative of the company in due diligence working group for corporate exercises such as merger and acquisition and private placement.

Ms Tan does not hold any directorship in public company and listed issuer. She does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MS LEE KAR YEN

Assistant General Manager of Contract Department

NATIONALITY : Malaysian

AGE/GENDER : 41/Female

Ms Lee Kar Yen, Chrissie ("**Ms Chrissie**") was appointed as Assistant General Manager, Contract Department on 1 January 2018. She is involved in all pre and post contracts of projects and oversees the administration of Contract Department of the Company.

She graduated with Bachelor of Science majoring in Construction Management from University Science Malaysia. She started her career in year 2000 and has 18 years of experience in the field of building contract administration and quantity surveying.

Prior to her current position, she joined MITC Engineering Sdn Bhd, a subsidiary of the Company in 2012 as the head of Contract Department where she led the department in managing and supervising full range of pre and post contract activities, including tenders, budgets, estimations, claims and payment certification.

Ms Chrissie does not hold any directorship in public company and listed issuer. She does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR CHAN AH SOON

Assistant General Manager of Project Department

NATIONALITY : Malaysian

AGE/GENDER : 58/Male

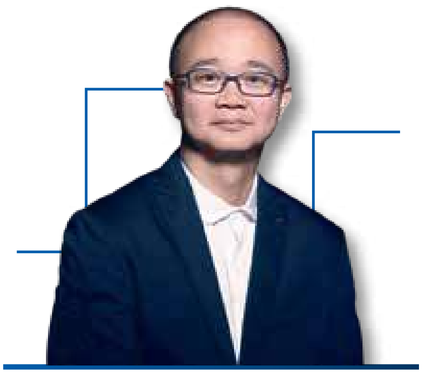
Mr Chan Ah Soon ("**Mr Chan**") was appointed as Assistant General Manager of the Company on 1 January 2019 and concurrently holds the position of Senior General Manager of MGB Geotech Sdn Bhd, an indirect subsidiary of the Company.

Currently, he is responsible for overall planning, implementation and construction of the Group's projects particularly projects in Klang Valley as well as overseeing the piling construction and foundation works.

He graduated with BTEC Higher National Diploma in Civil Engineering Studies from - the University of South Bank, London. He started his career in 1987 and has 32 years of experience in the field of construction.

Prior to joining the Company, he held senior management positions in other local construction-based companies and had been involved extensively in the development and construction of various projects. He has spearheaded a myriad of projects, *inter alia*, clinker plant, polymer latex plant, sun power plant, water treatment plant, bridges construction, piling and foundation works as well as highland resort and specialises in high-rise residential projects.

Mr Chan does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.



MR LAU CHEE TAT

General Manager of MGB SANY (M) IBS Sdn Bhd

NATIONALITY : Malaysian

AGE/GENDER : 46/Male

Mr Lau Chee Tat ("**Mr Lau**") was appointed as the General Manager of MGB SANY (M) IBS Sdn Bhd on 1 January 2018. He is responsible for overseeing all the phases of the Industrialised Building System (IBS) precast products manufacturing operations.

He graduated with Bachelors of Computer Science (Hons) from the University Science of Malaysia (USM) in 1997. He has over 20 years of experience in business development and held senior management positions and most notably in the tele-communication and IT industry where he accumulated wealth experience in both local and international in the aspect of business development.

Prior to his current position, Mr Lau joined MITC Engineering Sdn Bhd, a subsidiary of the Company in 2017 as the General Manager of Business Development. He was then transferred to assume the current position as General Manager of MGB SANY (M) IBS Sdn Bhd, an indirect subsidiary of the Company, where he had successfully set up two (2) manufacturing plants with total annual production capacity of approximately 4,000 unit of properties.

Mr Lau does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR YEO WEE CHING

Assistant General Manager of Secretarial, Corporate Affairs and Risk Management Department

NATIONALITY : Malaysian

AGE/GENDER : 36/Male

Mr Yeo Wee Ching ("**Mr Yeo**") was appointed as Company Secretary of the Company on 1 September 2016. He is also member of Risk Management Committee of the Company.

He is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) since 2011 and graduated from Tunku Abdul Rahman College with Advance Diploma in Business Management in 2005.

He started his career in year 2004. He has accumulated 14 years extensive working experience in corporate secretarial practices of public listed companies and private limited companies. He had been involved in the successful implementation of several corporate exercises, among others, include merger and takeover, substantial disposal of asset, diversification, private placement, ESOS implementation and change of company name.

In September 2016, he was transferred and promoted as the Company Secretary of the Company to head the Secretarial, Corporate Affairs and Risk Management Department; a year after re-joining LBS Bina Group Berhad ("**LBGB**") as a Joint Company Secretary in August 2015.

Prior to re-joining LBGB, he was attached to RHB Banking Group and held the last position as Acting Head of Department, Islamic Banking, Group Secretariat. He was attached to LBGB from 2009 to 2014 and held managerial position as the Assistant Company Secretary prior to joining RHB Banking Group.

Mr Yeo does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

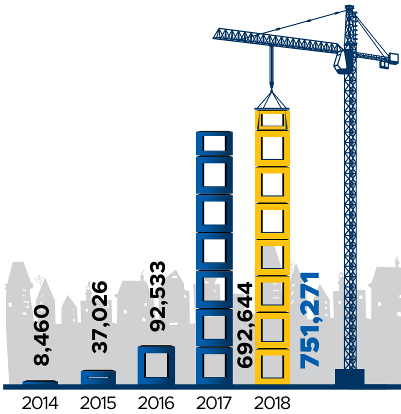
GROUP'S FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER	2014* (RM'000)	2015* (RM'000)	2016* (RM'000)	RESTATED 2017 (RM'000)	2018 (RM'000)
Revenue	8,460	37,026	92,533	692,644	751,271
Profit Before Tax	1,370	7,077	1,811	50,119	45,849
Profit After Tax and Non-controlling Interests	118	10,174	62	34,491	30,409
Share Capital	44,817	44,817	268,698	383,282	385,803
Equity Attributable To Owners Of The Parent	20,101	30,275	335,501	407,824	442,532
Net Tangible Assets	20,101	30,275	73,754	149,802	183,850
Basic Earnings per share (sen)	0.13	11.35	0.06	9.01	6.49
Gross Dividend per share (sen)	-	-	-	-	-
Net Assets per share (sen)	22.43	33.78	93.87	82.92	89.06
Net Tangible Assets per share (sen)	22.43	33.78	20.64	30.46	37.00
Total Assets	51,789	65,089	637,959	816,632	1,042,189
Total Borrowings	21,813	16,980	38,807	106,416	231,639
Net Gearing Ratio	0.63	0.46	0.09	0.20	0.48
Market Capitalisation	39,439	40,335	296,638	870,567	347,821

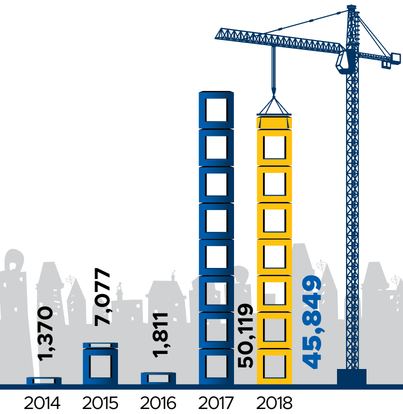
* The comparative figures have not been restated following the adoption of MFRS 9 - Financial Instruments.

FINANCIAL CALENDAR	
Financial Year Ended	**31 December 2018**
Announcement of Quarterly Results:-	
First Quarter ended 31 March 2018	**24 May 2018**
Second Quarter ended 30 June 2018	**23 August 2018**
Third Quarter ended 30 September 2018	**22 November 2018**
Fourth Quarter ended 31 December 2018	**22 February 2019**
Publishing of Annual Report	**25 April 2019**
Annual General Meeting	**18 June 2019**

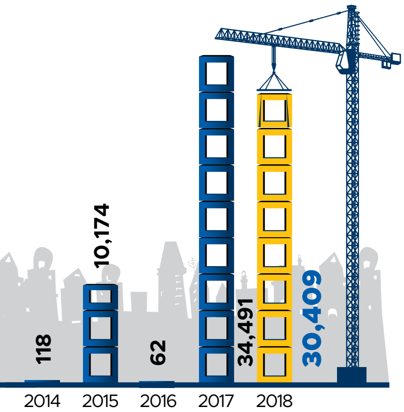
REVENUE
(RM'000)



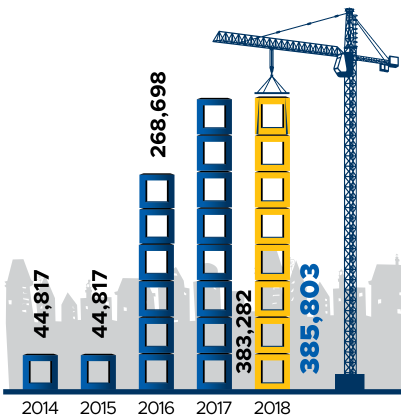
PROFIT BEFORE TAX
(RM'000)



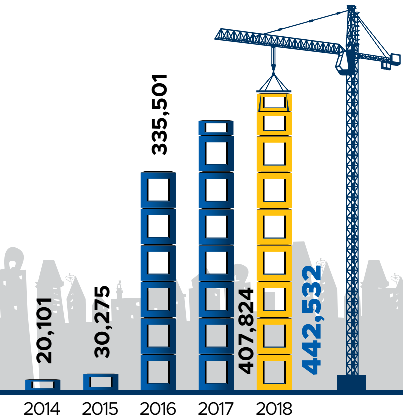
PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS
(RM'000)



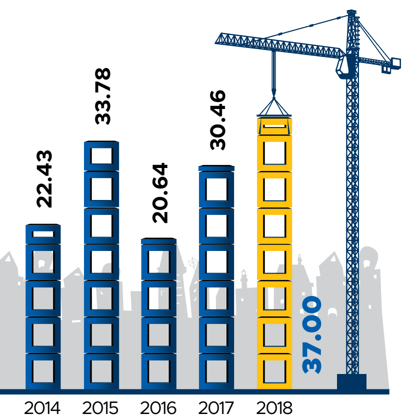
SHARE CAPITAL
(RM'000)



EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM'000)



NET TANGIBLE ASSETS PER SHARE
(SEN)



LETTER FROM THE CHAIRMAN

TO OUR VALUED SHAREHOLDERS,

This financial year was a challenging year faced by construction industry with reduced activity level. Despite the slowdown, the Group lifted its revenue by 8.5% and continued to deliver positive results as the Group stayed focus on its core business coupled with strategies of complementary business expansion and diversification efforts, enabling us to weather headwinds in the construction industry. We continue to draw on our strength in building affordable housing and diverse complementary revenue streams to deliver value to shareholders.

Dato' Abdul Majit bin Ahmad Khan
Chairman

PERFORMANCE AND ACHIEVEMENTS HIGHLIGHTS

Under challenging environments, MGB and its subsidiaries ("**the Group**") managed to achieve profitability through prudent execution of project management strategies and concerted efforts to build on the Group's competitiveness. For financial year ("**FY**") 2018, the Group reported Net Profit Attributable to Owner of the Parent of RM32.2 million and recorded higher revenue of RM751.3 million. The main contributions were attributed to revenue growth from both the construction and property development segments.

HIGHER REVENUE OF
RM751.3 million

During FY 2018, the Group replenished a total of approximately RM410 million of construction contracts (including contracts from own property development project) and the order book as at 31 December 2018 stood at RM1.92 billion.

The Group continued to expand its capabilities by venturing into the manufacture of precast components to meet the demand for solutions to improve efficiency, quality and productivity.

Phase 1 of Laman Bayu project in Batu Pahat, Johor comprising 134 units of Double Storey Terrace House with a gross development value (GDV) of approximately RM48.0 million was launched in November 2018.

For further information, please visit www.mgbgroup.com.my

This will substantially sharpen the competitive edge of the Group to participate in Government's initiative of building one (1) million affordable houses in 10 years or 100,000 units per year. Following the joint venture with SANY, the Group has, in May 2018, deployed its first mobile Industrialised Building System (IBS) precast concrete plant at LBS Alam Perdana and has successfully produced and supplied for its pilot project, 673 units of double storey terrace houses, at LBS Alam Perdana township within a relatively short period of time since its commencement of operations. Another newly set up plant in Nilai, Seremban has started its operation in March 2019. Together with LBS Bina Group Berhad, our parent company, we intend to continue advocating and increasingly adopt IBS in our projects as it presents an effective method for delivering high quality products in a timely and cost-effective manner.

On property development segment, Phase 1 of *Laman Bayu* project in Batu Pahat, Johor comprising 134 units of Double Storey Terrace House with a gross development value (GDV) of approximately RM48 million was launched in November 2018 and it has received an encouraging take up rate.

In recognition of our outstanding health and safety performance in implementing safety and health standards at our sites, Malaysia Occupational Safety and Health Practitioner's Association (MOSHPA) has again awarded us MOSHPA OSH Excellence Award 2018 for third consecutive year.

In addition, we have been awarded the highest five-star SCORE rating by the Construction Industry Development Board (CIDB) Malaysia for exemplary leadership, established brand presence, excellent management and technical capabilities, compliance to best practices, excellent integrated ICT system and project management. We are spurred by these awards to further enhance our project execution capabilities.

Further details of the Group's performance and operations are covered under the section on 'Management Discussion and Analysis'.

MALAYSIA ECONOMY & INDUSTRY OUTLOOK

The Malaysian economy expanded at a more moderate pace of 4.7% in 2018 (2017: 5.9%). Domestic demand continued to anchor growth, supported mainly by private sector expenditure. Private consumption growth, in particular, recorded the fastest rate since 2012 at 8.1% (2017: 7.0%). Favourable wage and employment growth continued to drive household spending with additional support from the three-month tax holiday (1 June - 31 August) following the zerorisation of the Goods and Services Tax (GST) rate, as well as other Government measures such as the fixing of the retail fuel price of RON95 petrol and special payments to civil servants and pensioners.

Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% - 4.8% in 2019 (2018: 4.7%). The external sector is expected to register a more moderate expansion in tandem with the moderation in global growth. Private sector activity will remain the anchor of growth amid continued rationalisation in the public sector. Labour market conditions are expected to remain supportive of growth, while inflation is projected to be broadly stable compared to 2018.

Growth in the construction sector moderated to 4.2% in 2018 (2017: 6.7%). Growth in the construction sector is expected to moderate in 2019, due to the completion of large petrochemical projects in the civil engineering sub-sector. Continued progress of large transportation and utility projects will provide support to growth. The residential and non-residential sub-sectors, however, are expected to remain subdued amid the oversupply of residential and commercial properties.

(Source: Bank Negara Malaysia Annual Report 2018)

OUR STRATEGY AND PROSPECTS

The Group continues to implement all-round growth strategies with emphasis on 'Innovation'.

OUTSTANDING ORDER BOOK OF

RM1.92 billion

2018 was the year where the Group equipped itself with IBS Precast Concrete facilities and relevant operational capabilities and resources in order to further enhance its visibility and competitiveness in the market, particularly in building affordable home. This is in line with government's continuous promotion and encouragement to propel the adoption of IBS in both public and private project and its on-going efforts on building affordable home.

With sizeable outstanding order book of RM1.92 billion, we are of the opinion that the Group will perform satisfactorily for financial year ending 31 December 2019. Furthermore, in line with the Government's on-going efforts to provide affordable housing and to leverage on huge opportunity by targeting the affordable housing market segment, we shall continue to enhance our proposition and strengthen our rapport with the relevant government agencies.

APPRECIATION

There are some changes to the Board of Directors' ("**Board**") composition in February 2019, where MGB welcomed Puan Nadhirah binti Abdul Karim ("**Puan Nadhirah**") as Independent Non-Executive Director ("**INED**") and bid farewell to Datuk Tan Choon Hwa ("**Datuk Tan**") who resigned as INED in line with the practice as recommended by the Malaysian Code on Corporate Governance.

On behalf of the Board, I would like to express deepest thanks and appreciation for Datuk Tan's distinguished services and significant invaluable contribution rendered to the Company during his tenure of service. In addition, I would also like to take this opportunity to welcome Puan Nadhirah, as new INED and female director to the Board.

"

MGB EQUIPPED WITH IBS PRECAST CONCRETE FACILITIES AND RELEVANT OPERATIONAL CAPABILITIES AND RESOURCES IN ORDER TO FURTHER ENHANCE ITS VISIBILITY AND COMPETITIVENESS IN THE MARKET, PARTICULARLY IN BUILDING AFFORDABLE HOME.

Furthermore, I wish to extend the Board's appreciation to all our valued customers, shareholders, business associates, bankers, fund managers and the relevant government authorities for their continuous support and confidence in the Group.

To our Management and employees, the Board would like to thank them for their continuous contribution, dedication, loyalty and commitment to the Group which have made the success of the Group.

Last but not least, my special thanks to my fellow board members for their invaluable contributions in the past years and unwavering support.

DATO' ABDUL MAJIT BIN AHMAD KHAN
Chairman
8 April 2019

AWARDS & RECOGNITIONS

14th MOSHPA OSH Excellence Award 2018 - Platinum Award

13th MOSHPA OSH Excellence Award 2017 - Gold Platinum Award

12th MOSHPA OSH Excellence Award 2016 - Gold Award

Malaysian Construction Industry Development Board (CIDB) - Certificate of Achievement - 5 Star SCORE rating

Malaysian Construction Industry Development Board (CIDB) License - Grade 7

Quality Management System ISO 9001:2015 (MITC Engineering Sdn Bhd)

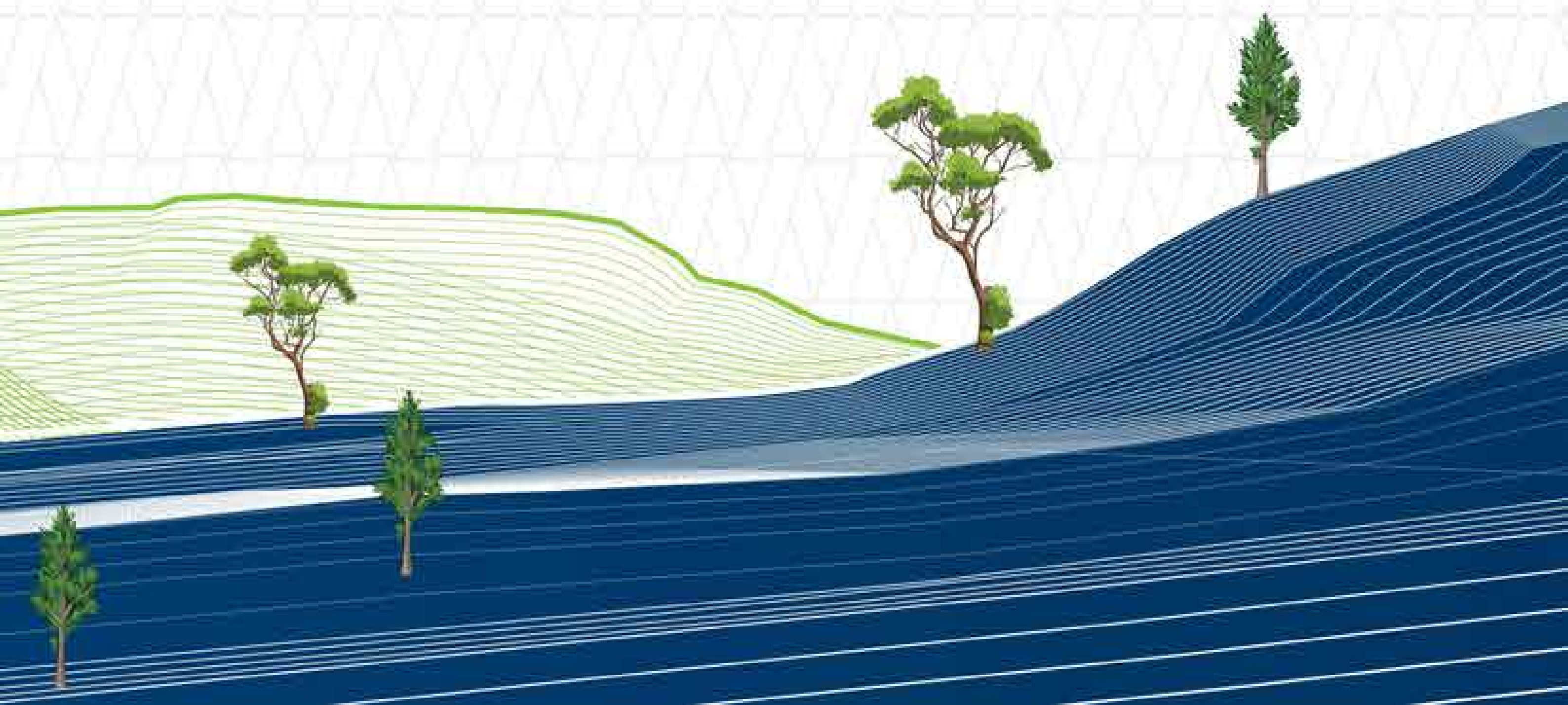
Quality Management System ISO 9001:2015 (MGB Geotech Sdn Bhd)

Environmental Management System ISO 14001:2015

Occupational Health and Safety Management System OHSAS 18001: 2007

THE GROWTH. OUR STRATEGY.

Growing our business remains the overriding focus at MGB. We are complementing and supplementing our construction activities by diversifying into property development and manufacturing of concrete building materials. Through this strategy, we have created a value chain offering greater cost efficiency in operations and better prospects for growth.



MANAGEMENT DISCUSSION AND ANALYSIS

The information in this management discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trends will necessarily continue in the future.

Precast Concrete Mobile Plant @ Alam Perdana

MGB HAS SUCCESSFULLY COMPLETED MORE THAN

13,000 units

OF PROPERTIES, PARTICULARLY AFFORDABLE HOMES SEGMENT

OVERVIEW OF GROUP'S BUSINESS AND OPERATION

MGB Berhad, through its subsidiaries, is a comprehensive and fully-integrated construction and development company providing a full range of design and construction and development services including design and build, project management, civil engineering, value engineering, geotechnical specialisation and manufacturing in Industrialised Building System (IBS) precast concrete products.

MGB Group is an established construction player that accumulated strong track record for more than 10 years ranging from design and build to general construction for residential, commercial and industrial buildings as well as infrastructure works. As at 31 March 2019, MGB Group has successfully completed more than 13,000 units of properties, particularly in affordable homes segment.

In view of there is a rapidly growing demand for comprehensive and integrated planning and design services, MITC Engineering Sdn Bhd, a wholly-owned subsidiary of the Company, sourced external talents and underwent an integration of its internal technical design resources in early 2010s to broaden its capabilities into 'Design & Build'. To be an innovative total solution Design and Build expert, the Group also continuously enhances its capabilities in providing full range of services from the initial stage planning and design until the final stage operation and management. In year 2017, the Group expanded its construction value chain to include other synergistic activities such as foundation and geotechnical engineering services and manufacturing of precast concrete products business to further enhance service offering and elevate total solution capabilities to the next level.

Furthermore, under the leadership of Tan Sri Lim Hock San, the Group Managing Director, and Datuk Lim Lit Chek, Executive Director and Chief Executive Officer of the Company, MGB also re-strategised its business plan to expand into areas which are complementary to its construction business and began its venture into the property development sector in 2017.

OUR PRESENCE

Construction
(On-Going Key Projects)

IBS Precast Concrete Manufacuring

Property Development

For further information, please visit the Company's website at www.mgbgroup.com.my

AT A GLANCE

Market capitalisation:
RM347.8 million with closing price of RM0.70 as at 31 December 2018

Key Business Activity:
Construction activities

Outstanding Order Book as at 31 December 2018:
RM1.92 billion

Amount of Contract secured in year 2018:
RM410 million

Total number of employees:
> 300

Revenue:
RM751.3 million

Profit Before Tax:
RM45.8 million

Profit After Tax:
RM30.4 million

Tan Sri Lim Hock San
Group Managing Director

PERFORMANCE REVIEW

FINANCIAL PERFORMANCE REVIEW

Revenue and Profit

Despite the challenging economic environment and market conditions which prevailed throughout the year, the Group posted a revenue of RM751.3 million for the financial year ended ("**FYE**") 2018 as compared to RM692.6 million for the FYE 2017, representing an increase of RM58.7 million or 8.5%. The improvement mainly due to the following:-

1. Construction segment registered revenue of RM671.8 million for FYE 2018, higher than the RM632.8 million for FYE 2017. The higher contribution of RM39.0 million mainly attributed to the recognition of variation orders and realisation of additional profit due to cost efficiency upon physical completion and submission of final claim for several projects during current financial year.

2. Higher revenue realised by property development segment, increased to RM77.2 million from RM59.5 million last year due to higher recognition of development value from 398 units service apartments (Phase 2) of *Zenopy Residences* project which had its soft launch in third quarter 2017 compared to the development value from 74 units shop lots (Phase 1) that sold in 2017.

3. Full-year revenue generated by hospitality segment in 2018 following the completion of the renovation in September 2017. Revenue recorded for year 2018 was RM2.3 million, versus RM0.3 million for 2017.

REVENUE INCREASE OF
8.5%
IN FY2018

CONSTRUCTION SEGMENT'S REVENUE OF
RM671.8 million
IN FY2018


Skylake Residence @ Puchong

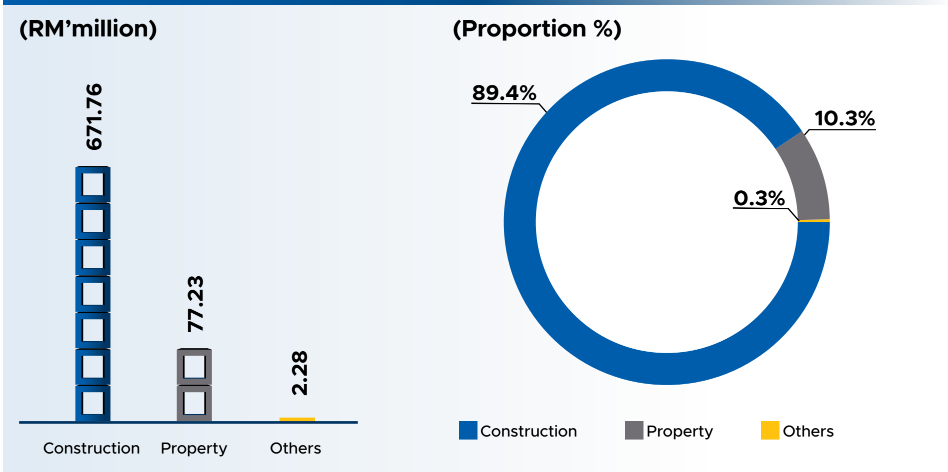
Despite the increase in Revenue, FY 2018 saw a 6.1% decline in Net Profit Attributable to Owners of the Parent compared to FY 2017 was mainly due to higher operating expenses and lower profit achieved by property development segment. The increase in operating expenses was mainly attributable to the increase in headcount, higher depreciation and armotisation charges following the considerable capital expenditures and administration cost to support business expansion; marketing campaign undertaken to promote our property development as well as legal fees and stamp duties paid for the new banking facilities secured. Major movements of expenses during the current financial year were as follows:-

- Administrative and other operating expenses (exclude depreciation charges) collectively increased by approximately RM8.3 million mainly due to formation of subsidiary company for expansion into complementary business segment, sales and marketing cost incurred, salaries and staff related expenses.

- Finance costs increased by approximately RM2.4 million in conjunction with the increase of borrowings for working capital and capital expenditure purposes.

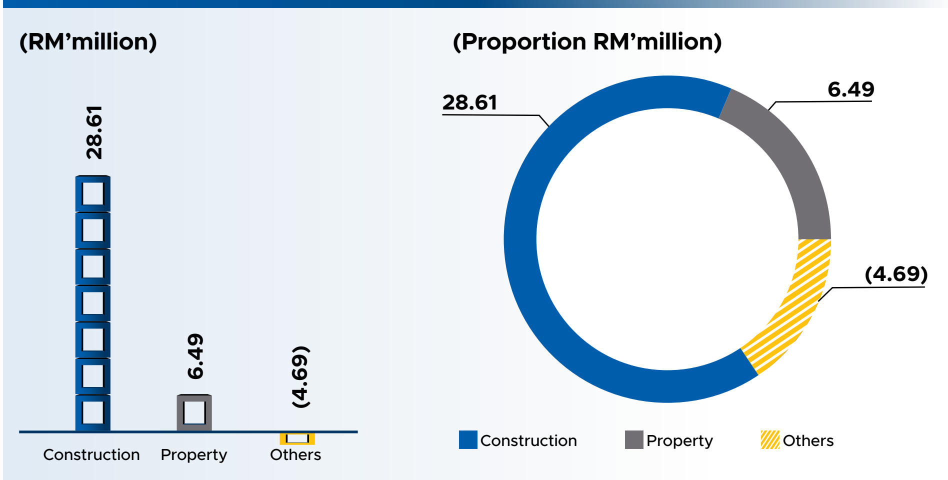
- Depreciation of Property, Plant & Equipment ("**PPE**") increased by approximately RM3.6 million which in line with the substantial purchase of PPE amounted to approximately RM69.1 million to support piling activities and precast products manufacturing.

REVENUE BY DIVISION



TOTAL ASSETS INCREASED BY **RM225.6 million**

PROFIT AFTER TAX BY DIVISION



TOTAL EQUITY ATTRIBUTABLE TO THE OWNER OF THE PARENT INCREASED BY **RM34.71 million**

Total Assets
Total assets improved from RM816.6 million in FY 2017 to RM1,042.2 million in FY 2018, representing an increase of RM225.6 million or 27.63%. The increase was mainly attributable to the following:-

- Net acquisition (after accounted for disposal during the year) of machineries and equipment, motor vehicles, renovation and others of approximately RM61.1 million. Amongst others, the capital expenditures spent on the precast manufacturing business that embarked during the year was amounted to approximately RM48 million which inclusive of precast machineries and building and renovation costs for two (2) plants located at Alam Perdana and Nilai;

- Construction segment, being the biggest driver of the Group's overall assets base has recorded an increase in assets by approximately RM202.1 million. The increase mainly arising from the work-done billings (trade receivables and amount due from related companies) and contract assets derived from the construction projects that have been completed or still on-going.

Total Liabilities
Total liabilities increased by RM192.6 million as compared to last financial year was mainly due to the following:-

- Increase in total loans and borrowings of approximately RM125.3 million mainly to finance the acquisition of PPE and serve as working capital for various segments;

- Increase in trade payables of approximately RM55.7 million were in conjunction to the increase of work-done by subcontractors and suppliers on the back of the substantial orderbooks.

Total Equity Attributable to the Owners of the Parent
Total Equity Attributable to the Owners of the Parent increased by RM34.7 million compared to the previous financial year, as per movements showed below:-

	RM' MIL
Increase in share capital arising from: √ Conversion of Warrants	2.52
Net Profit Attributable to Owners of the Parent	32.19
Total Movement	34.71

Capital Structure and Resources
The net gearing ratio of the Group as at 31 December 2018 stood at 0.48 times as compared to 0.20 times in FYE 2017 due to the Group's borrowings and loans increased by approximately RM125.3 million, which include, inter-alia, financing liabilities incurred for the acquisition of machineries and equipment particularly for piling and manufacturing activities and renovation and setting up cost for IBS precast concrete plants.

Included in the total outstanding borrowings and loans of the Group as at FYE 2018 also a contract financing facilities amounted to approximately RM70 million drawn to finance a bullet payment project of which the project is fully secured by a bank guarantee provided by the customer. Meanwhile, for property development, the total borrowings for the FY 2018 were approximately RM26.1 million.

Datuk Lim Lit Chek
Executive Director &
Chief Executive Officer

CIDB Five-Star SCORE Rating award received by Mr Eng Boon Choon (Right), one of the Heads of Construction Division.

OPERATION REVIEW

Construction Division

MGB, via its subsidiaries, is ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Health & Safety Management System) certified. The Group also obtained the Class Grade 7 licence approved by the Malaysian Construction Industry Development Board (CIDB) which enables the Group to tender for all types of construction work of any contract value in Malaysia.

2018 Platinum Award, OSH Management Construction in High Rise

The Group's construction division has in year 2018 attained the Certificate of Achievement of the highest five-star SCORE rating from the CIDB Malaysia for exemplary leadership, established brand presence, excellent management and technical capabilities, compliance to best practices, excellent integrated ICT system and project management, which represents another corporate milestone for the Group that further highlighting our on-going commitment to offering the best products and services to our clients.

Besides that, in terms of health and safety performance, our outstanding health and safety management and implementation at our project sites were awarded with the MOSHPA OSH Excellence Award for 3 consecutive years since 2016 and in the year under review was awarded with Platinum Award in the category of OSH Management Construction in High Rise.

MGB WERE AWARDED WITH THE MOSHPA OSH EXECELLENCE AWARD FOR

3 YEARS

SINCE 2016

MGB GROUP'S CONSTRUCTION PROJECTS CURRENTLY ON HAND ARE MAINLY LOCATED IN KLANG VALLEY, JOHOR AND PAHANG, AND GENERALLY COMPRISE RESIDENTIAL PROPERTIES (HIGH-RISE AND LANDED) AS WELL AS COMMERCIAL PROPERTIES. CONSTRUCTION AND TRADING SEGMENT CONTINUE TO BECOME AND KEY DRIVER OF MGB BUSINESS OPERATIONS AND ACCOUNTED FOR APPROXIMATELY 90% OF THE GROUP'S TOTAL REVENUE FOR THE FY 2018.

Highlight of projects secured in year 2018 are to construct 856 units and 1,077 units of gated and guarded Double-Storey Terrace House/TownHouse as well as 28 units of Double-Storey Semi-Detached House located in Alam Perdana, Ijok and Dengkil, Sepang for total contract sum of RM343.7 million bringing total order book to RM2.54 billion as at 31 December 2018. Out of the said order book of the Group, approximately RM0.33 billion in contract value has been secured from external parties (being contracting parties other than companies related to MGB and LBS Bina Group Berhad ("**LBGB**") group of companies). As at FYE 2018, the Group's outstanding order book is approximately RM1.92 billion.

During the financial year under review, the construction projects completed by the Group, inter-alia, were as follows:-

1

PROJECT
Nautilus 2 Project
2-storey Superlink at D' Island, Puchong, Selangor

TYPE OF PROJECT
Residential

COMPLETION DATE
January 2018

CONTRACT VALUE (IN MILLION)
RM25.4

2

PROJECT
Coralia Project (30 units)
2-storey Semi-D at D' Island, Puchong, Selangor

TYPE OF PROJECT
Residential

COMPLETION DATE
April 2018

CONTRACT VALUE (IN MILLION)
RM19.0

3

PROJECT
BSP 21 Project (Block F & G)
Service apartments at Bandar Saujana Putra, Selangor

TYPE OF PROJECT
Residential

COMPLETION DATE
August 2018

CONTRACT VALUE (IN MILLION)
RM112.2

4

PROJECT
Desiran Bayu Project (Phase 1 - 6)
Double storey terrace house, cluster link house and Semi-D at Selangor

TYPE OF PROJECT
Residential

COMPLETION DATE
November 2018

CONTRACT VALUE (IN MILLION)
RM127.7

5

PROJECT
Midhills Project
Resort-Style Development at Genting Highland, Pahang

TYPE OF PROJECT
Residential

COMPLETION DATE
December 2018

CONTRACT VALUE (IN MILLION)
RM128.0

Pilling work for PPA1M Mercu Jalil @ Bukit Jalil

MOBILE PLANT LAND AREA OF
10 ACRES
WITH CAPACITY OF PRODUCING 2,000 UNITS OF PROPERTIES PER ANNUM

Construction Division - Piling and Foundation Activities

Since second quarter of 2017, the Group started venture into piling and foundation business, which includes earth retaining systems, bored piling, substructure and basement construction works via a newly incorporated 70%-owned subsidiary, MGB Geotech Sdn Bhd ("**MGTSB**").

During the financial year, MGTSB has secured eighteen (18) contracts from both in-house and external projects worth RM50.5 million of which approximately RM8.5 million value of projects were secured from external parties. MGTSB saw an increase in revenue and recorded at RM47.3 million for FYE 2018, which helped the division continue to achieve profitability.

Construction Division - Manufacturing of Industrialised Building System (IBS) precast component

MGB has been using IBS for more than 10 years. Previously our focus was mainly on IBS steel formworks and Aluminium formworks. In tandem with the Government's call to improve quality and productivity through the adoption of IBS, the Group further increased its IBS adoption via joint venture with SANY Group in 2017 to leverage on SANY's deep expertise in precast concrete design and manufacturing as well as usage of precast concrete machineries. This partnership strengthens our position in delivering excellence through innovation.

Following the joint venture, with investment of approximately RM20 million, a mobile IBS plant was set up on site in Alam Perdana to construct LBS's Alam Perdana township, using precast concrete. With land area of 10 acres, the mobile plant is operated by more than 150 employees and possesses the production capability of producing 2,000 units of properties per year, which was operational in May 2018.

Pilling work for Residensi Bintang @ Bukit Jalil

Precast Concrete works in Alam Perdana's mobile plant

PILOT IBS PRECAST CONCRETE PROJECT ACHIEVED A CONSTRUCTION TIME REDUCTION OF

33%

FROM 18 MONTHS TO 12 MONTHS

It has successfully produced and supplied for our pilot project, 673 units of double storey terrace houses, at LBS Alam Perdana Township within a relatively short period of time since its commencement of operations. The pilot project achieved a construction time reduction of 33% from 18 months to 12 months, which led to 31% reduction of manpower quantity and 49% savings in total on-site labour costs.

In bringing the cost of IBS down, the team has been continuously exploring options to improve efficiency and optimise manpower and resources i.e. adoption of an ideal cost effective semi-automatic setup instead of full automation. Our IBS products are cost effective enough to be used to build affordable houses. This progress has been driven by a focused management team, who are cost conscious and forward thinking when it comes to innovation.

Riding on the success of the mobile plant, the Group replicated the model and further invested approximately RM40 million on setting up of its first permanent IBS precast concrete plant in Nilai, Negeri Sembilan with built-up area spanning 119,017 square feet. The launching of the permanent plant was officiated by Minister of Housing and Local Government, YB Zuraida Kamaruddin on 16 March 2019. Combined with this plant, the Group will be able to produce 4,000 units of properties annually.

At the moment, both plants cater mainly internal projects and the Group hopes to expand the supply to Government and external housing projects when both plants operate at full capacity.

During current financial year, the segment has generated internal revenue of approximately RM14.3 million from its pilot project. The segment expects to have full swing of production in 2019 and it will strive to secure more contracts of supply to achieve greater economies of scale.

Official Launching of Precast Concrete Permanent Plant @ Nilai

Pilot IBS Precast Concrete Project @ Alam Perdana

Precast Concrete Permanent Plant @ Nilai


Commercial Units - Phase 1 of *Zenopy Residences*

During the financial year, the Group introduced its second development project (consisting of 2 phases) in Batu Pahat, Johor known as '*Laman Bayu*', a 365 units of Double Storey project with total Gross Development Value ("**GDV**") of approximately RM134 million.

Phase 1 of *Laman Bayu* comprised 134 units with GDV of approximately RM48 million was launched in November 2018. This project also received encouraging response and achieved an 80% take-up rate as at 31 March 2019.

Property Development Division
On the property development front, the segment registered a Revenue of RM77.2 million, higher than the RM59.5 million reported in 2017. The increase in Revenue was mainly due to the higher sales and progress billings generated from both phases of '*Zenopy Residences*' project which comprises 74 commercial units (Phase 1) and 398 serviced apartments (Phase 2).

Despite the notable increase in Revenue, Profit After Tax for current financial year was lower by approximately RM5.0 million compared to the previous financial year. This was largely due to lower margin on the development of serviced apartments (Phase 2) coupled with a wider marketing campaign undertaken to drive sales of the said serviced apartments.

As at 31 March 2019, Phase 1 (excluding affordable shop lots that have yet to be launched) has been fully sold and Phase 2 of the *Zenopy Residences* recorded take up rate of approximately 90%.

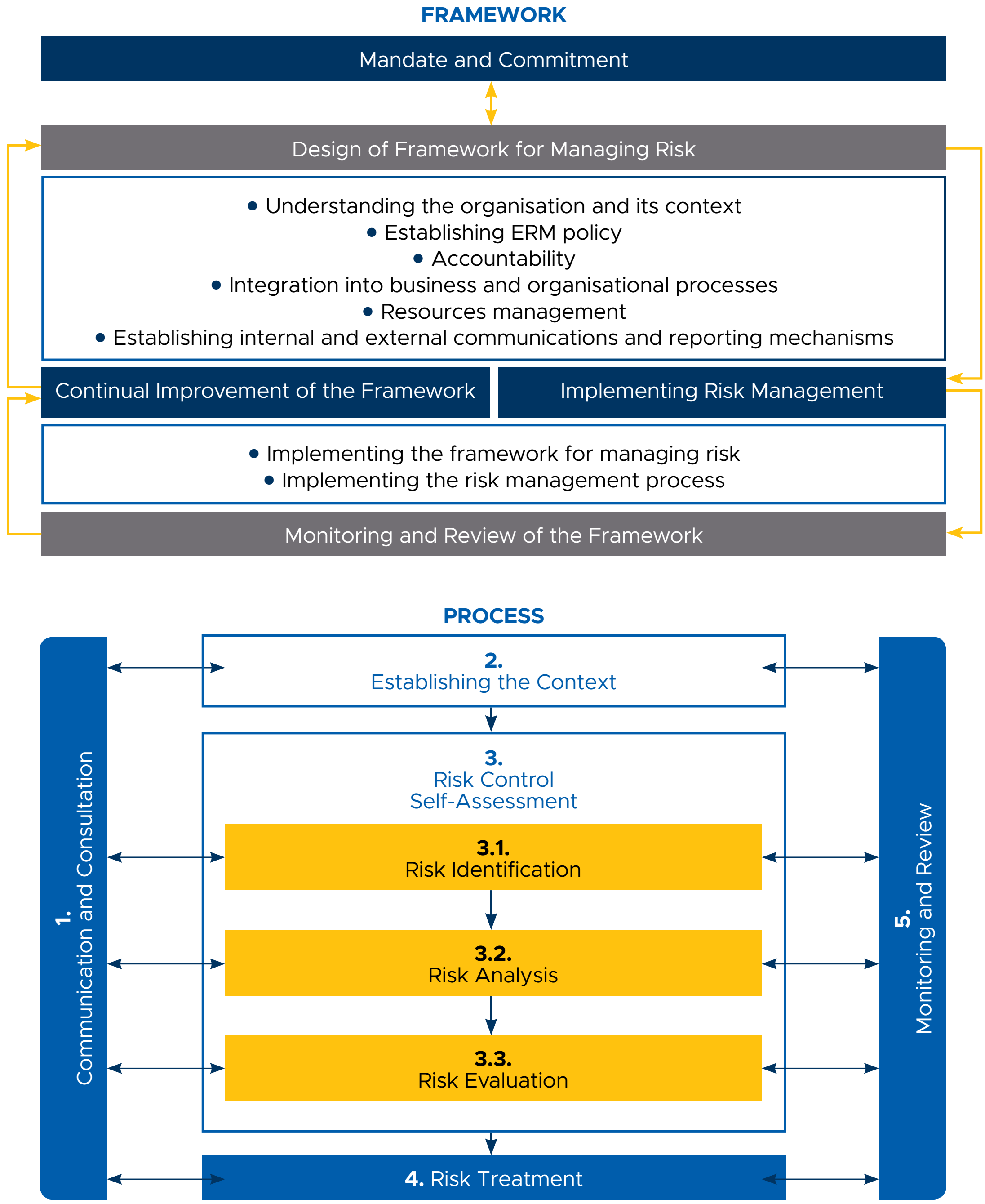
"
ON THE PROPERTY DEVELOPMENT FRONT, THE SEGMENT REGISTERED A REVENUE OF RM77.2 MILLION, HIGHER THAN THE RM59.5 MILLION REPORTED IN 2017.


Laman Bayu @ Batu Pahat

ANTICIPATED OR KNOWN RISKS

The existing risk management practices and processes have been formalised in February 2019, which is known as Enterprise Risk Management Framework with reference to the framework and guidance issued by Committee of Sponsoring Organisation of the Treadway Commission ("**COSO**") and ISO 31000 - Risk Management Principles and Guidelines. This framework essentially links the Company's objective and goals its principal risks.

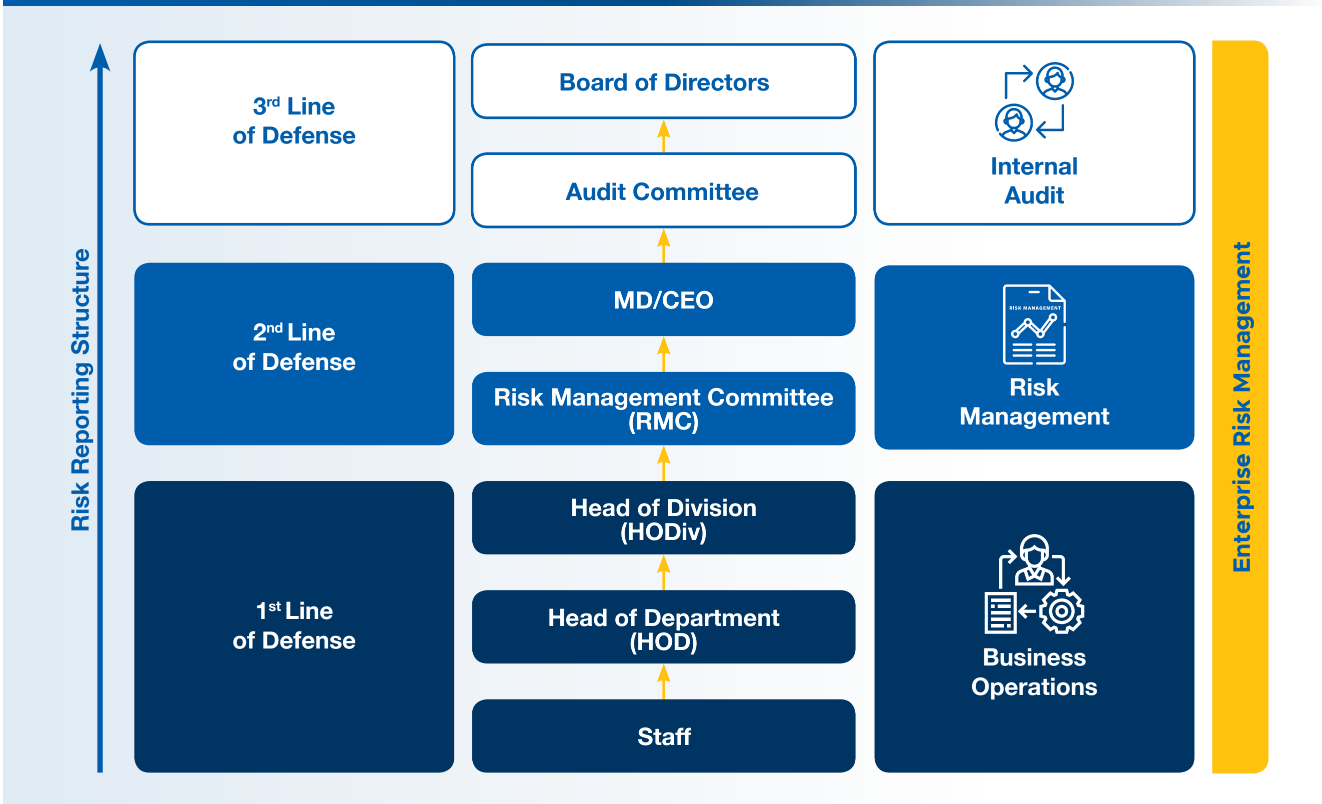
MGB ERM ARCHITECTURE



Note: The ERM Architecture is based on a globally recognised standard: ISO 31000: Risk Management, Principles and Guidelines

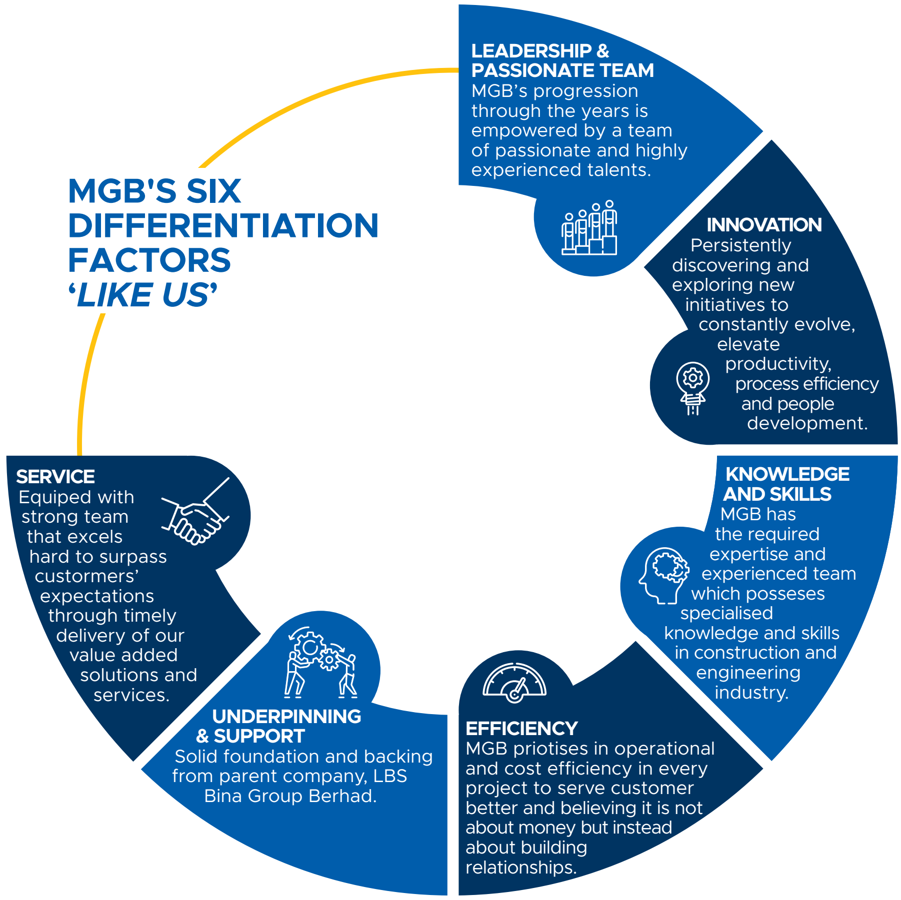
UNDER THE REVISED FRAMEWORK, WE HAVE FURTHER STRENGTHENED OUR RISK MANAGEMENT AND 'THREE LINES OF DEFENCE' MODEL THROUGHOUT OUR SIMPLIFIED BUSINESS WAS INTRODUCED. IN PARTICULAR, IN IMPLEMENTING OUR STRATEGY, WE REVIEWED OUR OPERATING PROCESSES IN DETAIL, DEVELOPING RISK AND CONTROL MATRICES FOR EACH PROCESS THAT WE CONSIDERED.

RISK ACCOUNTABILITY STRUCTURE



This risk register would be reviewed on periodically as part of the management reporting system to the Risk Management Committee and later to Audit Committee and the Board after having discussed with the relevant operation units who have reviewed their own areas of operation. Thereafter, the assessment of each risk is monitored and where necessary, to improve the management action plans and mitigation measures.

With periodical reviews and changes that are required under the changing business environment, they are then implemented by management to ensure, as far as practicable, that the Group's risks are either eliminated or mitigated.



Principal Corporate Risks

The Group has identified, evaluated and put in place measures to mitigate the principal corporate risks faced by the business operations, among others, is summarised as follows:-

(a) Competition within the construction sector

MGB Group is facing a direct competition from both new entrants and existing companies involved in the construction industry. The Group's margin could be eroded by the increasing competition and aggressive pricing from others.

In mitigation, the Group aims to counter competitive risk by maintaining a distinctive brand positioning, which is in line with our new name MGB or known as 'Malaysian Generations Builders' with tagline of 'Value Driven Innovation'. The differentiation of six (6) factors known as '***LIKE US***' that set MGB apart in the market are as follows:-

- ***L***eadership & Passionate Team
- ***I***nnovation
- ***K***nowledge and Skills
- ***E***fficiency
- ***U***nderpinning & Support
- ***S***ervice

In furtherance thereto, we proactively seek new initiatives to drive operational efficiencies and enhance our competitiveness such as exploiting new construction technologies, strategic sourcing of construction materials and value engineering opportunities to reduce construction costs and wastage.

(b) Higher materials and input cost, which may translate into poor margins for its construction business

Raw material prices, labour cost and currency rates fluctuation may lead to higher input costs and lower profit margin for the Group. We endeavour to mitigate the fluctuations of the materials price via efficient cost management measure whereby we will negotiate with suppliers on bulk purchase to secure better pricing and terms. We are also diversifying our supplier base for essential raw materials and try sourcing locally to avoid unnecessary foreign currency exchange fluctuation.

Acknowledging that there are on-going technological advancements in the industry, MGB has over the years improved the construction mechanism and emphasised on value engineering, which includes inter-alia, adoption of IBS mechanisation and modern practices. Through continuous improvement and innovation in technology, the reliance on labor will be subsequently reduced. MGB will also constantly provide training to the workers on new technology in order to increase their efficiency and to provide optimum solutions to its client.

(c) Slow down in property segment which could lead to an inability to replenish its construction order book

The Group derives earnings mainly from the construction division, which is contract-driven. As such, the failure to secure sizeable contracts to replenish its order book could be an earnings risk.

However, the Group's outstanding order book as at 31 December 2018 is about RM1.92 billion, which is expected to keep the Group busy for at least next 3 years even if it is not able to secure sizeable contracts in the near term. In addition, the Group will continue to aggressively tender for projects which fulfil our margin criteria, especially government projects in building affordable houses and LBGB's projects.

(d) Single customer risk

Based on the outstanding order book of MGB, it was noted that approximately 80% of the contracts were awarded by LBGB, being the holding company. Some of the notable on-going external projects undertaken by the Group are projects from Yayasan Pelajaran Johor, Tenaga National Berhad and Menteri Besar Selangor Incorporated.

To further mitigate the single customer risk, MGB will actively participate in tendering for external parties' project which fulfil margin criteria, especially government projects in building affordable houses.

LBS Genting Hotel

MOVING FORWARD STATEMENT

"MOVING FORWARD, THE GROUP SHALL CONTINUE TO FOCUS ON ITS BUSINESS STRATEGIES BY ACTIVELY TENDERING FOR CONSTRUCTION PROJECTS PARTICULARLY ON AFFORDABLE HOME PROJECTS. THE BOARD BELIEVES THAT THE KEY ACTION PLANS ANNOUNCED BY THE GOVERNMENT IN THE NATIONAL HOUSING POLICY 2.0 SUCH AS TARGET OF BUILDING ONE MILLION AFFORDABLE HOMES IN 10 YEARS, WITH 100,000 OF THEM SCHEDULED TO BEGIN IN 2019 AND OTHER VARIOUS SCHEME INTRODUCED BY THE GOVERNMENT WOULD BRING A POSITIVE IMPACT TO PROPERTY MARKET."

The newly setup IBS precast concrete plants represent our commitment to complement the Government's Construction Industry Transformation Plan as well as heeding the call for further IBS adoption. The new plants will allow us to increase our IBS production and expand our presence in the local construction market. In line with Government on-going efforts on building affordable home, we strive to become their preferred collaboration partner within the industry, particularly on building affordable homes.

During the year, the Group replenished its construction projects worth approximately RM410 million which bring the outstanding order book to approximately RM1.92 billion. With backing from the parent company, LBGB's, resilient sales performance and its sizeable landbank and future property launches, it augurs well for MGB's order book replenishment. Coupled with secured sales from the property development division and the drive and dedication of the management and operating teams, the Group remains confident of performing satisfactorily in the coming year.

MGB presently does not have any formal dividend policy. However, the Board will consider the Group's financial performance, on-going capital needs and other factors deemed relevant in formalising its future dividend policy to reward its shareholders. The Board stands by a belief in building long term shareholder's interest and sharing the fruits of its success with the shareholders whilst ensuring adequate funds for the Group's operation and sustain strategic long-term growth.

OUR FEATURED PROJECTS TRACK RECORD

Taman Tasik Puchong Industrial Park, 1 1/2 Storey Semi-D Factory

Balvia @ D' Island Residence

BSP SkyPark @ Bandar Saujana Putra

Taman Tasik Puchong Industrial Park -3 Storey Bungalow Factory

Corallia @ D' Island Residence

M3 Mall @Taman Melati

BSP21 @ Bandar Saujana Putra

AN AWARD WINNING PROJECT OF LBS, WHICH FEATURES 10 BLOCKS OF SERVICED APARTMENT WITH MORE THAN

70

RECREATIONAL FACILITIES AND AMENITIES, CONSISTS OF

2602 UNITS

APARTMENTS AND

28 UNITS

OF SHOP LOTS


Midhills @ Genting Permai

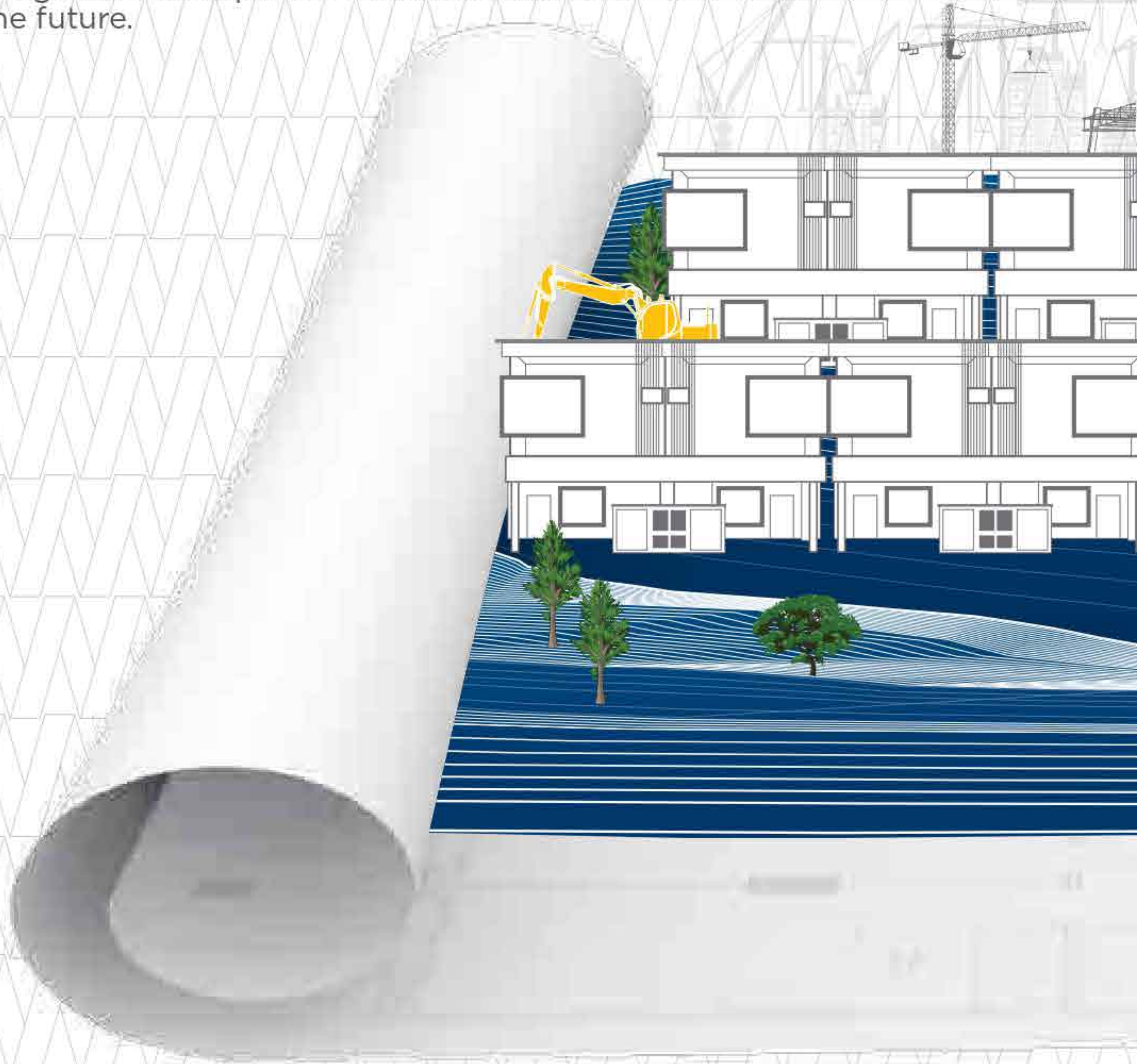

Nautilus @ D'Island Residence


Somer Square @ Cameron Golden Hills

Barrington Square @ Cameron Golden Hills

THE ARCHITECTURE.
OUR BLUEPRINT.

Enriching lives is the guiding principle behind our solutions to create sustainable built environments. Accordingly, we place a premium on architecture to build better living spaces that can enhance the quality of life. By setting us apart from others, this architectural advantage is the blueprint to drive our business into the future.



SUSTAINABILITY REPORT

ABOUT THIS REPORT

GRI 102-46, 102-50, 102-51, 102-52, 102-53

MGB BERHAD (MGB) IS PROUD TO PRESENT ITS SECOND SUSTAINABILITY REPORT, WHICH SHOWCASES ITS CONTINUOUS COMMITMENT TOWARDS DISCLOSING MATERIAL SUSTAINABILITY ISSUES REGARDING THE ORGANISATION. SINCE 2017, WE HAVE EMBARKED ON OUR SUSTAINABILITY REPORTING JOURNEY FOR THE IMPLEMENTATION OF SUSTAINABLE PRACTICES ACROSS OUR OPERATIONS. THE REPORTING PROCESS HAS BEEN INVALUABLE FOR MONITORING OUR KEY INITIATIVES AND HIGHLIGHTING AREAS FOR IMPROVEMENT FROM A MANAGEMENT STANDPOINT.

2018 bore witness to significant changes in Malaysia, including a change in government and relevant government policy, as well as the ever-evolving technological advances in the local market. Despite this, MGB, as one of the prominent players in the Malaysian construction sector, has been able to continuously and consistently deliver high-quality construction projects for our clients. MGB is pleased to continue its journey of creating sustainable value from economic, environmental and social perspectives with our stakeholders through our operations.

OUR REPORTING APPROACH

This report has been prepared with reference to the framework and guidance provided by the Global Reporting Initiative (GRI) Standards,as compared to GRI G4 Guidelines used in our first report issued in April 2018. The content of the report is based on the reporting principle as defined by GRI Standards, which includes;

- Stakeholder Inclusiveness: capturing our stakeholder's expectations and concerns;
- Sustainability Context: presenting our performance in the wider context of sustainability;
- Materiality: identifying and prioritising the key sustainability issues that our Group encounters;
- Completeness: reporting all sustainability topics that are relevant to our Group and influence our stakeholders.

The Material references are based on the GRI Sustainability Reporting Standards 2016 edition and are as stated below:

- GRI 201 Economic Performance
- GRI 204 Procurement Practices
- GRI 302 Energy
- GRI 303 Water
- GRI 307 Environmental Compliance
- GRI 403 Occupational Health and Safety
- GRI 404 Training and Education

Please refer to page 52 of this report for the Materiality Matrix

SCOPE AND BOUNDARIES

This report covers the sustainability performance and progress of the MGB Berhad headquarters ("**HQ**"), as well as all projects sites in Malaysia where MGB was designated as the primary contractor, commencing 1 January 2018 to 31 December 2018, unless otherwise stated. Reporting of our sustainability performance and progress will be published annually. References to 'MGB', 'the Company', 'the Group' and 'we' refer to MGB Berhad and its subsidiaries.

FEEDBACK

For queries/comments, you may contact:

Name : Dennis Yeo, *Sustainability Committee*

Email : scr@mgbgroup.com.my

Telephone : +603 7874 5888

Address:
MGB Berhad
H-G, Sunway PJ@51A
Jalan SS9A/19 Seksyen 51A
47300 Petaling Jaya
Selangor Darul Ehsan
Malaysia

SUSTAINABILITY COMMITTEE CHAIRPERSON'S MESSAGE

GRI 102-14

On behalf of MGB, I am proud to present our second annual Sustainability Report for the Financial Year of 2018. This year, we have made much progress with regards to our sustainability journey, and we look forward to sharing our experience with our stakeholders.

Mr Lim Kim Hoe
Chairman of Sustainability Committee

GOVERNANCE

At MGB, we acknowledge the importance of good corporate governance in ensuring that sustainability remains a guiding aspect of our business operations. With the establishment of our Sustainability Committee in 2017, we have been actively monitoring material matters to us, as Contractors. The growth in appetite for ensuring that our economic, environmental and social initiatives are successful is evident throughout this report.

ECONOMIC

As a local established business, MGB is a strong advocate in supporting the local economy and continue to engage local suppliers to source our resources. We strive to improve the quality of our products while considering our project efficiency, in order to deliver good quality and affordable developments for the Malaysian market. In 2018, we officially embarked on our journey in Industrialised Building Systems (IBS) production, and have recognised faster project completion time and savings of manpower cost.

ENVIRONMENTAL

The construction sector is an energy-reliant industry with a relatively large impact on the environment. As such, we take careful measures to ensure that all our projects adhere to the relevant regulations that govern our industry. Additionally, this year we began tracking and reporting our water and energy usage at our HQ to monitor our consumption patterns and strategise methods for conserving water and energy in the coming years.

SOCIAL

At MGB, we attribute our good performance and the various awards and recognitions we have received this year on our employee productivity and satisfaction. Our employees are our biggest asset, therefore, their mental and physical well-being is our priority. This year, we were awarded the MOSHPA OSH Excellence Award - Platinum Award as well as the CIDB 5-Star Rating Contractor status, which highlights our great performance in 2018.

We invest in training our employees to ensure competency, and from a social aspect, we foster our cohesive team through participation in our weekly sports activities as well as events. Beyond the firm, MGB engages with the local community through the LBS Foundation, where our employees regularly partake in charitable activities which focus on health, education, environment, and community.

SUMMARY

On this second report, we have established a clear sustainability agenda for our organisation and we have gained insight into our business operations through our monitoring and reporting processes. We look forward to continuing our journey and set more ambitious sustainable targets for the next financial year.

In the meantime, we hope our stakeholders enjoy reading about our sustainability progress in further detail over the next part of the report.

MR LIM KIM HOE
Chairman of Sustainability Committee
8 April 2019

> "WE BEGAN TRACKING AND REPORTING OUR WATER AND ENERGY USAGE AT OUR HQ TO MONITOR OUR CONSUMPTION PATTERNS AND STRATEGISE METHODS FOR CONSERVING WATER AND ENERGY IN THE COMING YEARS.

VALUE DRIVEN INNOVATION

HIGHLIGHTS OF 2018

ECONOMIC

- **Five Stars**
  CIDB Malaysia Rating
- **Revenue**
  MYR 751.3 million
- **Market Capitalisation**
  MYR 347.8 million
- **ISO 9001:2015**
  Quality Management System Certified
- **Procurement**
  100% Local Suppliers

ENVIRONMENT

- **Zero**
  Cases of Environmental Non-compliance
- **ISO 14001:2015**
  Environmental Management Systems Certified
- **Established**
  Energy & Water Conservation Procedures
- **0.94×10^6 MJ**
  Total Electricity Consumption in HQ
- **988 m^3**
  Total Water Consumption in HQ

SOCIAL

- **Platinum Award**
  MOSHPA OSH Excellence Award
- **ISO 18001:2007**
  Health and Safety Management System Certified
- **Total of 49**
  Training Programmes

OUR SUSTAINABILITY GOVERNANCE

GRI 102-16, 102-18

Sustainability Vision

To create a future of sustainable living spaces that enrich the quality of life for all

Sustainability Mission

To be the force of transformation in the construction industry through sustainable and innovative solutions that are proactively responsive to the economy, environment and social needs

"CORPORATE GOVERNANCE IS THE ESSENCE OF ANY SUCCESSFUL BUSINESS IN REALISING ITS SUSTAINABILITY ASPIRATIONS"

Incorporating Environmental, Social, and Governance (ESG) matters into our business policies and practices underscores the strong commitment that the Board of Directors of MGB has toward a culture of sustainability. In addition to the usual Business Ethics in place, the Board has included strategies and programmes that are designed to embed a culture of sustainability throughout all levels of the Group. By placing responsible corporate administration as a core of MGB's business practices, we are able to ensure that environmental conservation and sociocultural inclusiveness are integrated into our daily business practices.

Through our continuous effort in maintaining good Corporate Governance, we aim to elevate the ideals of respectability, progressivity, responsibility, and discipline in the entirety of our practices. A robust administration system has been set up to ensure we meet our targets. We acknowledge that integrity, transparency, and equality are crucial to maintaining good business practices in MGB. We have therefore put in place a formalised whistle-blowing policy in 2016 to ensure that all employees and members of the public are provided with an anonymous avenue to disclose any unacceptable conduct.

Additionally, MGB strives to maintain continuous communication with its stakeholders to facilitate our shared interests and expectations. This is to ensure that all stakeholders are able to make informed decisions on the Company and its environment, social and governance (ESG) policies. Communicating our good business practices is crucial towards maintaining the interest and trust of our stakeholders.

MGB's responsibility towards environmental, social and governance issues is made clear through the establishment and implementation of its ESG Policy. We firmly believe this is a vital component for understanding and addressing the needs of the business as well as the greater community. We endeavour to adhere to all legislative prerequisites that facilitate good administrative practices such as the Malaysian Code on Corporate Governance (MCCG), the Bursa Securities Main Market Listing Requirements and other locally pertinent directives. MGB's goal is to guarantee all business conduct holds fast to policies that established a culture of integrity while accomplishing long-term business success.

Highlighting our governance structure in practice, our Sustainability Report was validated by the Sustainability Committee with assurance checks conducted by the Senior Management Team and further approval by the Board of Directors.

Figure 1: MGB Corporate and Sustainability Structure

STAKEHOLDER ENGAGEMENT

GRI 102-40, 102-42, 102-43, 102-44

Businesses today exists in a dynamic and diverse environment. With this, the voices of our stakeholders from all walks of life must be a seamless part of the way we do business in order to thrive in the modern construction industry. By proactively engaging our stakeholders, we are able to develop inclusive and responsive strategies to address and respond to concerns and expectations raised by our stakeholders. This will effectively position ourselves toward achieving operational excellence and the sustainability of our business.

Based on the concerns raised by our stakeholders, MGB can integrate the input into the materiality assessment to select MGB's material sustainable topics which can be found on the next page.

Table 1: Stakeholder Engagement Mode and Frequency for MGB

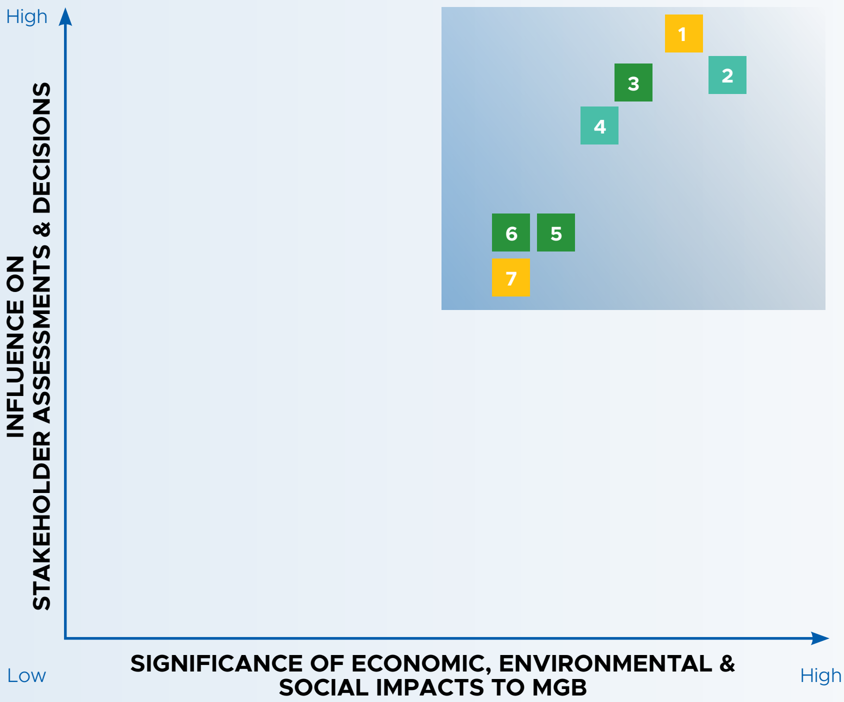
STAKEHOLDER GROUP	MODE OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	CONCERNS RAISED
Shareholders / Investors	• Annual General Meeting • Annual Report • Quarter Financial Report • Analyst Briefing • Extraordinary General Meeting • Regular Shareholder Communication / Announcement on Bursa Securities and Corporate Website	Annually Annually Quarterly As needed As needed As needed	Economic Performance Corporate Governance
Employees	• Annual Performance Appraisal • Employee Engagement Surveys • Briefings and Trainings • Events, Celebrations & Sports • Management Meetings	Annually Annually Periodic / As needed Weekly / Periodically As needed	Career Progression Fair Benefits Occupational Health & Safety
Customers	• Feedback Channels such as Emails, Phone Calls, Hotlines and Surveys • Website and Social Media • Product Launches and Roadshows • Marketing and Promotional Programmes and Events	As needed As needed As needed As needed	Project Delivery Product Quality Regulatory Compliance
Government / Regulators	• Income Tax Filing • Annual Return • SST Reporting • Official Meetings and Visits • Industry Events and Seminars	Annually Annually Two months once As needed As needed	Regulatory Compliance
Suppliers / Contractors	• Product Launches and Roadshows • Regular Meetings and Site Visits • Supplier Assessment System • Subcontractor Performance Evaluation	As needed As needed As needed As needed	Business Integrity Ethical Procurement
Local Communities	• Charitable Contributions • Website and Social Media	As needed As needed	Community Outreach
Media	• Press Releases • Website and Social Media	As needed As needed	Economic Performance Project Delivery

MATERIALITY MATRIX

GRI 102-47

With reference to the GRI Standards Materiality Principle, the Materiality Matrix for MGB has been mapped according to the importance of sustainability issues to stakeholders and the significance of their economic, environmental and social impacts to the Company. During MGB's stakeholder engagement workshop, a review of last year's materiality matrix and reported disclosures was conducted to ascertain key concerns and issues. A total of seven material sustainability topics were identified during this workshop, and are highlighted in the materiality matrix below:

Figure 2: Materiality Matrix for MGB



List of Identified Topics for the 2018 MGB Sustainability Report

1. **GRI 201: Economic Performance**
2. **GRI 403: Occupational Health and Safety**
3. **GRI 307: Environmental Compliance**
4. **GRI 404: Training and Education**
5. **GRI 303: Water**
6. **GRI 302: Energy**
7. **GRI 204: Procurement Practices**

Legend

Economic

Environmental

Social

Five out of the seven materiality sustainability topics selected this year are the same as MGB's 2017 selections. Two additional topics, on Energy and Water, were selected as material this year to better reflect MGB's commitment and focus on these material sustainability topics. In the following section of this report, we will be exploring the detailed management approaches and performance data of the selected material sustainability topics of MGB.

CORPORATE GOVERNANCE

ECONOMIC

ECONOMIC VALUE GENERATED AND DISTRIBUTED

GRI 103-1, 103-2, 103-3, 201-1

"

MGB IS ABLE TO CONTRIBUTE BACK TO THE COMMUNITIES WE ENGAGE BY SUPPORTING THE LOCAL SUPPLY CHAIN AS WELL AS CREATING NEW EMPLOYMENT OPPORTUNITIES.

WHY IT MATTERS?

MGB recognises that a strong economic and financial performance is crucial as it is one of the indicators used in accessing MGB's ability in generating direct economic value to its stakeholders, which includes shareholders, investors, employees, suppliers, and financiers. Viable economic performance enabled MGB to share the fruits of its success with its shareholders. Remarkable economic performance also boosts the confidence of investors and financiers which will then indirectly lead to fair share price and lowered cost of funding. In addition, with sustainable performance and growth, MGB is able to contribute back to the communities we engage by supporting the local supply chain as well as creating new employment opportunities.

As an organisation with a steady track record and growing economic performance, the positive impacts gained by MGB include enhanced competitiveness in all our tender exercises, corporate proposal and potential business opportunities such as merger and acquisition as well as joint-venture. With our exposure in different business dealings, MGB has gained improved visibility and reputation in the sectors involved while enriching the portfolio we have on-hand. Notwithstanding the above, with a strong financial performance, MGB will be able to reward the employees through fair remuneration packages and bonus payments. Stable financial growth and expansion will help in retaining the talent pool as it provides job progression and development opportunity.

ECONOMIC (CONT'D)

MGB strives to enhance our economic performance through creativity, innovation and upholding our values in delivering high quality products that align with the international ISO 9001:2015 standard. We regularly engage with our customers to rectify any dissatisfaction, and provide technical training to our employees to sharpen their skillsets. Over the years, we have successfully ventured into property development and pre-cast manufacturing sectors. Both sectors are value added endeavours to our existing construction portfolio and are expected to generate economic benefits to the Group in long-run.

"

MGB STRIVES TO ENHANCE OUR ECONOMIC PERFORMANCE THROUGH CREATIVITY, INNOVATIVE AND UPHOLDING OUR VALUES IN DELIVERING HIGH QUALITY PRODUCTS THAT ALIGN WITH THE INTERNATIONAL ISO 9001:2015 STANDARD

HOW WE APPROACH IT?

The financial performance of MGB is managed by our Board of Directors and Group Managing Director, who are assisted by the top management team led by Chief Executive Officer (CEO). The Account and Finance, as well as Treasury teams, are tasked to compile relevant and constructive information to facilitate top management in their evaluation and decision making process. At MGB, we place high importance on the need to undertake budget monitoring and control. At the beginning of the new financial year, the Group profit or loss budget will be determined, and then communicated to the respective department for their execution and monitoring. The projected budget will be compared against the actual spending and will be presented to CEO monthly or quarterly to ensure all operations work efficiently within the budget allocated and strive to achieve economies of scale. Significant variances will be explained and the budget will only be revised if well supported by facts. Besides profit or loss, the monthly cash flow forecast served as an important tool in ensuring timely payments to suppliers, sub-contractors, banks for instalments, salaries and authority (taxes and levy).

To evaluate our economic performance, internal and external audits are conducted on a regular basis. There were no material deficiencies noted and only one area identified for improvement and enhancement, in terms of better governance and internal control. In 2018, we have updated several Standard Operating Procedures (SOPs) and also rolled out improved SOPs on petty cash handling, staff claim processing, and project account finalisation process.

OUR PERFORMANCE

During the financial year of 2018, the Group recorded a revenue of RM 751.3 million as compared to RM692.6 million in the previous financial year, with profit after tax of RM 30.4 million. The overall softened profit after tax was mainly due to lower profit achieved by the property development segment and an increase in operating expenses. The increased operating expenses corresponded with our business expansion.

Please refer to the Annual Report page 26 for the Performance Data of Direct Economic Impact of MGB.

ECONOMIC (CONT'D)

SUPPORT FOR LOCAL SUPPLIERS

GRI 103-1, 103-2, 103-3, 204-1

WHY IT MATTERS?

Proper management of procurement practices is crucial to our business. It provides a competitive edge and creates a significant impact on the financial performance of the Company through efficient resource management. Due to the nature of the construction industry, effective procurement practices are very important to MGB, and we apply stringent conditions to ensure that the quality of materials and services, as well as environmental impact requirements of MGB can be met by the providers of materials and services. As the end-product of MGB's business is buildings, it is of utmost importance that quality, safety, and environmental compliance are adhered to, as people will be occupying these structures for decades to come.

HOW WE APPROACH IT?

To ensure high-quality materials and services are provided, MGB has established a 'Supplier Assessment System', which includes three main Standard Operating Procedures (SOPs) related to procurement practices and processes:

1

SELECTION AND APPROVAL OF SUPPLIERS:
Used to create a database of suppliers that will be kept for five years, including technical information on their products for easy reference.

2

PURCHASING PROCESS:
Used for the purchasing processes, including obtaining requisition permission, as well as the purchase order and formal delivery order approvals.

3

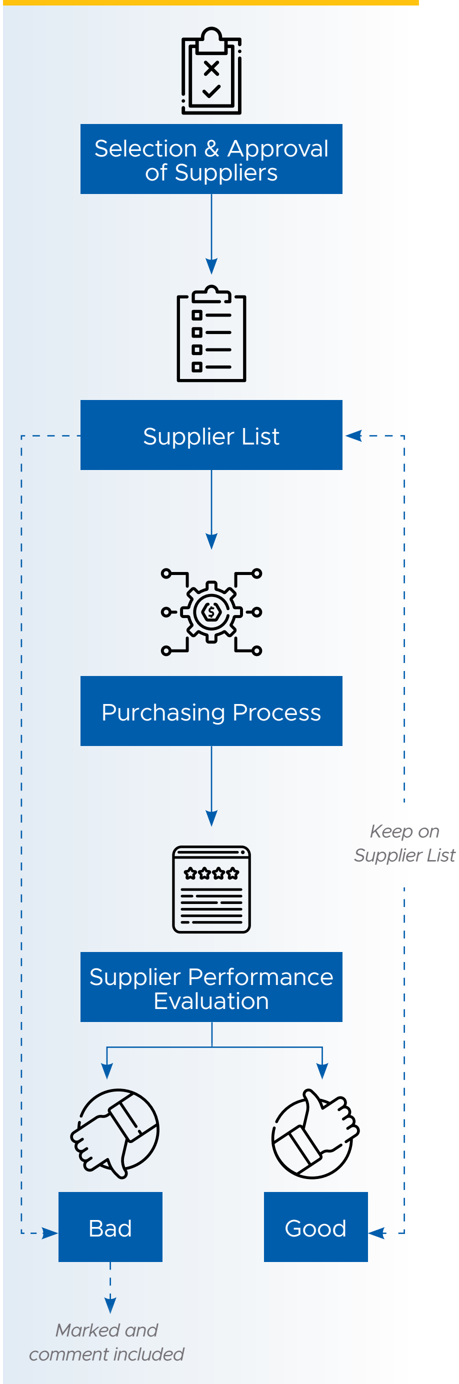
SUPPLIERS PERFORMANCE EVALUATION:
Used to assess the performance of the supplier on certain criteria on an annual basis (whichever occurs first), and provides a score; if a supplier fails to meet a minimum score, they will be marked on the Supplier's List.

The overall processes are inter-related as shown in the diagram at the right, with vendors on the supplier's list being able to supply to MGB.

OUR PERFORMANCE

Our organisation places a large emphasis on procuring supplies from local vendors as we advocate supporting the local industry as well as to ensure a steady supply of materials. MGB has set an internal target of 80% for sourcing materials from local suppliers. Our organisation has managed to achieve 100% local supplier procurement this financial year.

Figure 3 : MGB's Procurement-related SOPs



ENVIRONMENT

ENVIRONMENTAL COMPLIANCE

GRI 103-1, 103-2, 103-3, 307-1

WHY IT MATTERS?

At MGB, we recognise that the nature of our business may potentially result in considerable environmental impact. Due to this, we place great emphasis on environmental stewardship and this is ingrained into our strategies and day-to-day operations. We are committed, regardless of the location of our construction sites, to comply with all applicable environmental legal requirements enforced by local authorities. We underscore a focus on continually improving our environmental performance through the application of international standards and best practices for all our operations.

HOW WE APPROACH IT?

Our environmental policy underscores our determination towards minimising any adverse impact on the environment. It articulates our principles in carrying out our construction work in a sustainable manner, protecting the environment and preventing environmental pollution. MGB's steadfast vigilance to the increasingly stringent environmental laws and regulations in Malaysia means that we will continually review our environment policy as well as environmental efforts during management review meetings to ensure its effectiveness and suitability. Examples of our environmental efforts are tabulated in Table 2.

MGB's Environmental Policy

- Meeting environmental requirements of our clients
- Complying with relevant legal and other requirements
- Carrying out sustainable construction, protecting the environment and preventing environmental pollution
- Continually improving environmental performance

ENVIRONMENT (CONT'D)

Table 2: MGB's Environmental Efforts

Air Quality Control	Prevent and monitor closely any open burning, air pollution and smoke emission at site
Noise Control	Set hoarding around perimeter of site as noise barrier, noise level less than 65dB(A) at site
Water Quality	Consistent monitoring on surface run-off, set temporary drainage and drip trays for machineries at site
Waste Control	Continuous monitoring on waste disposal method for Construction Waste, Scheduled Waste, Sewage and E-Waste
Hazardous Material Control	Consistent monitoring and control of hazardous material (eg. diesel, lubricants, solvents, acid, curing compounds etc.) waste management
Working Environment Maintenance	Clean-up activities (working environment) at project sites twice a week
3R	Advocating 3R (Reduce, Reuse and Recycle) as part of waste management protocol
Dengue Prevention	Implement fogging and larvaciding activities twice a week
Training and Awareness	Conduct periodical training and awareness on environment

Before the commencement of any construction project, it has been a practice for us to identify environmental impacts (adverse or beneficial) for each aspect and record it in our Environmental Aspects-Impact Register. In addition, we also prepare and implement Project Environmental Management Plan according to the scope of work.

To further support our environmental sustainability agenda, we have established a robust environmental management system which is ISO 14001:2015 certified. Our Health, Safety, and Environment (HSE) officers together with the site HSE committee[1] constantly monitors and evaluates our environmental management system to ensure that all our employees and contractors align their processes and activities to the standard with appropriate environmental controls. We conduct environmental induction for all workers and establish environmental objectives and targets for all construction sites.

OUR PERFORMANCE

Our efforts on safeguarding the environment have translated into markedly improved results during the reporting year. This year, we achieved zero cases of significant fines and non-monetary sanctions for environmental non-compliance from government authorities as compared to one case in 2017. As we move forward, we are planning to allocate more resources to HSE officers as and when needed to further strengthen our environmental compliance practices.

Zero
CASES OF ENVIRONMENTAL NON-COMPLIANCE IN 2018

(1) Kindly refer to page 62 to understand more on our HSE Committee.

ENVIRONMENT (CONT'D)

ENERGY & WATER

GRI 103-1, 103-2, 103-3, 302-1, 303-1

WHY ENERGY MATTERS?

Our core business at MGB is inherently energy-intensive and poses energy risk to our business due to climate change. While acknowledging that energy and climate change are complex and interlinked, our response to the impact of climate change is a proactive and collaborative approach to managing our energy consumption. This means we strive to reduce our energy consumption at all levels with our stakeholders by means of effective environmental management systems and best practices.

WHY WATER MATTERS?

Water is an essential component for the ecosystem as well as our construction activities. We are aware that our operations could be disrupted if faced with challenges in accessing efficient, reliable, and safe water sources. As flood events and increasing potable water scarcity inevitably worsens over time worldwide, we are determined to stand by our ecological responsibility to actively understand, manage and work towards reducing our water footprint across our operations.

HOW WE APPROACH ENERGY & WATER?

We have formulated a list of energy and water conservation initiatives in our Environmental Instructions Manual. Employees and contractors at our HQ and project sites are responsible for adhering to these initiatives. This is supported by performance monitoring and verification by our HSE officers to ensure these initiatives are fully incorporated into our day-to-day operations.

Examples of Energy Conservation Initiatives

- Install light sensors in common areas e.g. reception, corridors and toilets where necessary
- Use energy saving bulbs to minimise electricity consumption
- Turn off the lights and air conditioning system during lunch time (12.30pm to 1.30pm)
- Turn off the air conditioning system at least half an hour before the last person to leave the office
- Place signage at strategic locations such as meeting room, toilet, corridors etc. to conserve electricity as well as turning off lights and air-conditioning system
- Turn off lights when daylight is sufficient in the office
- Turn off air conditioning system in the meeting rooms when the rooms are not occupied
- When the meeting room or toilet is not in use, turn off the lights
- Ensure that computers, printers and photocopies are programmed to be on power saving mode when not in use
- Repair any leaks in the air ventilation system
- Ensure that doors and windows are kept closed at all time when air conditioning system is in use

ENVIRONMENT (CONT'D)

Examples of Water Conservation Initiatives

- Harvest rain water at project site. Store rain water in water tanks. Use water for toilets, washing bay and construction works.
- Place signage at strategic locations such as toilet, pantry and etc. to conserve water
- Taps in the toilets and pantry should not be left running when not in use
- Inspect toilets and pantry regularly to ensure that no leakage pipes
- Repair immediately any pipe leakage detected

Following our commitment to resource conservation, we continously innovate the way we manage our energy and water consumption. This is evidenced by our dissemination of the energy and water conservation methods, via email/ memo, to all MGB employees. The objective of the email/memo is to encourage our employees to be mindful of MGB's energy and water performance and understand that improvements can be made in the future.

We firmly believe these measures will not only strengthen MGB's transparency and accountability in energy and water consumption but also enable us to reduce our energy and water expenses over time.

OUR PERFORMANCE

0.94×10^6 MJ

TOTAL ELECTRICITY CONSUMPTION IN HQ

988 m^3

TOTAL WATER CONSUMPTION IN HQ

In 2018, we only reporting our electricity and water consumption at the MGB's HQ. The HQ recorded a total electricity consumption of 0.94 x 10^6 MJ and total water consumption of 988 m^3. Moving forward, we will continue to be vigilant in our energy and water consumption as well as explore alternative opportunities for improving resource efficiency across all our operations. This will not only ensure environmental resource conservation but also incur economic savings through consumption reductions at both our HQ as well as our project sites.

SOCIAL

OCCUPATIONAL HEALTH & SAFETY

GRI 103-1, 103-2, 103-3, 403-1, 403-2

WHY IT MATTERS?

Effective health and safety provisions are a fundamental responsibility and requirement for all businesses. At MGB, we go to great lengths to ensure that all of our workplaces are free of health and safety hazards. Through a comprehensive Health and Safety Management System (HSMS), we strive to strengthen our health and safety standards and be rigorous in implementing preventive actions at our HQ and on-going project sites.

HOW WE APPROACH IT?

MGB's approach to health and safety is set out in our Health and Safety Policy. Revised in 2017, the policy outlines our commitments to minimise work-related accidents by controlling all health and safety risks related to MGB's activities. We actively liaise with our contractors to ensure requirements and expectations are met alongside the adoption of best practices.

Our HQ HSE Committee maintains an overview of all developments and measures taken in relation to the HQ and all project sites. The Health and Safety Officers (HSO), Project Managers and Site Safety Supervisors (SSS) at each ongoing project site, on the other hand, are responsible for assessing health and safety risks and will recommend actions for any necessary improvements. Workplace health and safety assessments are conducted for the HQ and all project sites based on specific key performance indicators (KPIs). The results will be reported during quarterly (HQ) and monthly meetings (project sites) to the respective committees responsible.

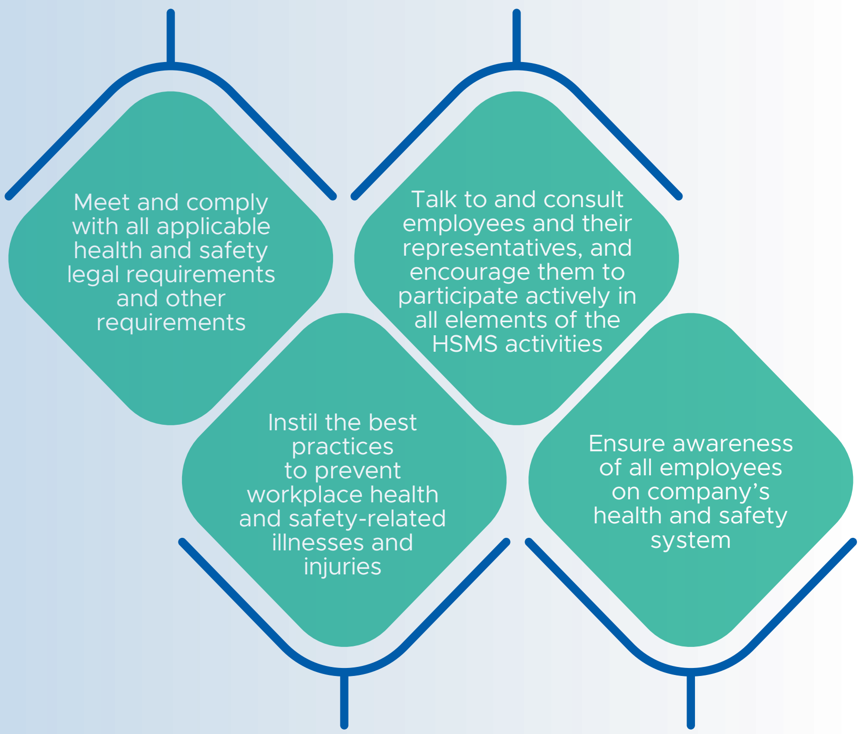
MITC Engineering Sdn Bhd (MITCE)

A subsidiary of MGB has been accredited with OHSAS 18001:2007 Occupational Health and Safety Management Certification by an independent certification body, the Worldwide Quality Assurance (WQA), for its demonstration of effective health and safety management system.

SOCIAL (CONT'D)

With the aim to protect the health and safety of our employees, contractors (including project site workers), consultants and others who may be affected by our activities, MGB is committed to:

Figure 4: MGB's Occupational Health and Safety Strategies



Following our target to retain zero workplace fatalities and to drive down overall lost-time injuries, MGB offers continuous training and education programmes and provides personal protection equipment (PPE) to all authorised site workers and visitors. Examples of health and safety initiatives that were conducted in 2018 are:

- Safety signage: We place all required signage in designated areas.
- Fire drill: We conduct a fire drill once a year for all employees.
- Toolbox briefing: We provide weekly updates on health and safety at project sites to all employees.
- Health and safety induction: We provide a briefing to all new employees on Health and Safety SOPs.
- Health and safety awareness programme: We carry out health and safety awareness programme periodically on health and safety knowledge and best practices.

Toolbox briefing

14th MOSHPA OSH Excellence Awards 2018 - Platinum Award

In 2018, MITCE received Platinum Award from the 14th MOSHPA OSH Excellence Award by the Malaysia Occupational Safety and Health Practitioner's Association (MOSHPA). Our consistent improvement in health and safety management can be seen from our award-level improvement over the years; in 2016 we obtained the Gold Award, while in 2017 we obtained the Gold Platinum Award.

Besides weekly on-site toolbox meetings and HSE monthly reports, we have also created WhatsApp HSE group for employees to report any issues concerning health and safety on project sites and to keep track of any hazards that need to be addressed urgently. We assess compliance with the standards and regulations through independent internal and external audit programmes led by, among others, the Worldwide Quality Assurance (WQA) and our internal audit team.

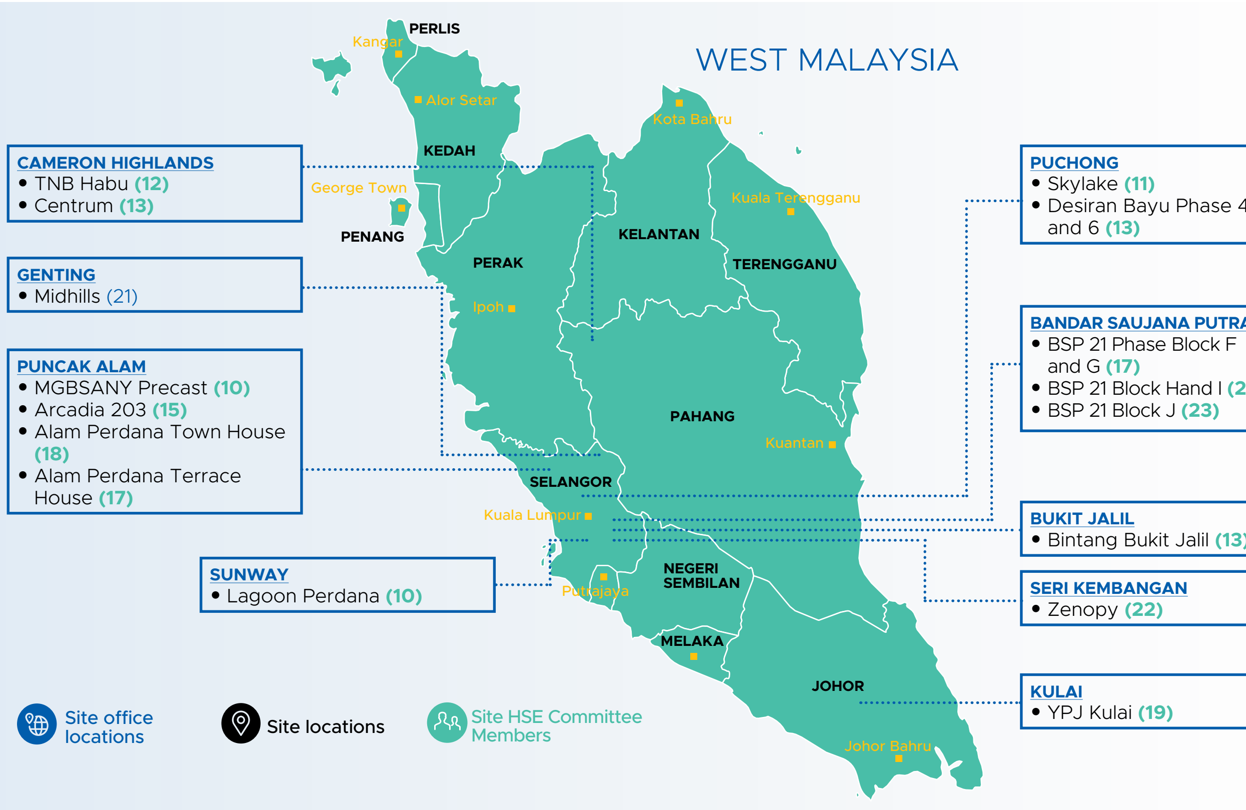
Over the year, the Fire and Rescue Department of Malaysia also conducted fire safety audits at our project sites. All audit results on MGB's health and safety performance are disclosed during the annual HSE management review meetings.

OUR PERFORMANCE

The diagram illustrates the number of MGB's Site HSE Committees at each construction sites. As of 2018, we have also deployed 22 certified safety personnel at these respective locations, they will be responsible for preparing and submitting HSE monthly reports to the DOSH at the beginning of each month throughout the duration of the project.

SOCIAL (CONT'D)

Figure 5: MGB's Site Health, Safety and Environment Committees across Site Locations



IN 2018, MGB'S HQ AND ALL PROJECT SITES UNDER THE SUB-CONTRACTORS RECORDED ZERO FATALITIES.

However, we experienced an injury rate of 0.34 (HQ) and 0.045 (project sites), resulting in a lost day rate of 1.01 and 0.3 respectively. These are due to three injury cases and a loss of 16 workdays in total, which involved male employees.

Figure 6: MGB OHS Performance in at HQ

Total number of injuries	1
Total number of lost workdays resulted from injuries	3
Injury rate	0.34
Lost day rate	1.01

Figure 7: MGB OHS Performance at Project Sites

Total number of injuries	2
Total number of lost workdays resulted from injuries	13
Injury rate	0.045
Lost day rate	0.3

We continue to work on improving our performance by closely following our Health and Safety Management System. For instance, we put in place an Emergency Response Team (ERT) to identify potential emergencies and accidents. We also conduct housekeeping at every site, where main contractors are responsible for the common area while sub-contractors are responsible for the construction area. Fogging and larvaciding are performed in order to rid water sources of mosquito larvae. All practices are carried out twice a week to combat any HSE issues in ensuring that project sites are safe for our employees, contractors and the public.

SOCIAL (CONT'D)

TRAINING & EDUCATION

GRI 103-1, 103-2, 103-3, 404-2

WHY IT MATTERS?

At the core of MGB's success lies a hardworking pool of committed employees. Our business performance relies on our ability to attract, develop and retain skilled individuals at all levels, MGB offers a wide range of comprehensive training and development opportunities to support employees' personal and professional development in order to ensure sustainable corporate growth.

HOW WE APPROACH IT?

Heads of Departments and Human Resources (HR) play an important role in overseeing and identifying the needs of training and development for the employees. We are committed to building capabilities and competencies of our employees through comprehensive policies, processes, methodologies, and tools as laid out in our Human Resource Learning and Development Standard Operating Procedures (SOPs). As part of our efforts to make training as engaging as possible, HR together with subject matter experts customise programme content. This ensures that learning outcomes and delivery methods for our employees are catered to all career stages and industry needs.

MGB makes significant investments to equip employees with on-job and new skill sets. We set a target for each employee to achieve an average of at least 8 hours of training per year. Feedback from our employees on how well we are providing and delivering training are valued, and they are welcomed to complete the training evaluation feedback form for their input to help shape the technical and personal development focused programmes in the future.

Our management system is routinely audited by independent certification bodies, for example, the Worldwide Quality Assurance (WQA) as well as internal audit teams to ascertain the adequacy and effectiveness of training and development programmes provided. All audit results are presented to the Management on a yearly basis. We are continuously working on steps to both build and update training and development programmes as part of our continuous improvement efforts.

OUR PERFORMANCE

To date, MGB's training programmes, which involve different level of employees at the HQ and project sites, encompass four different types of categories - awareness, safety, soft skills and technical. In addition, our employees at the project sites are trained predominantly with our management systems as can be seen below.

Figure 8: Types of management systems at MGB.

CONTRACT ADMINISTRATION

ENGINEERING AND TECHNICAL

CONSTRUCTION PROJECT MANAGEMENT AND LEADERSHIP

Training on Quality Assessment System in Construction (Qlassic)

In 2018, we have organised training on the Quality Assessment System in Construction (Qlassic, a CIDB* accredited course), which was conducted by an external qualified trainer. This annual training focuses on improving the quality of construction project based on the Construction Industry Standard (CIS7), ensuring that our employees are well equipped with the skills required in actual field works.

**CIDB, which stands for The Construction Industry Development Board, is a national body established by an Act of Parliament (Act 38 of 2000) to oversee the sustainability and growth of construction enterprises across Malaysia.*

"

WE HAVE PROVIDED 49 TRAINING PROGRAMMES ACROSS THE GROUP AND RECORDED ALMOST 2,470 HOURS OF TRAINING IN TOTAL FOR OUR EMPLOYEES THIS YEAR, WITH THE OVERALL AVERAGE TRAINING HOURS PER EMPLOYEE STOOD AT 8.2 HOURS.

COMMUNITY

OUR PEOPLE, OUR SUCCESS

Guided by the vision of our parent company LBS Bina Group Berhad in building inspiring and delightful spaces that enhances community living, MGB strives to go beyond our operations and extend our care to communities where we operate in. We are committed to upholding our social obligations by meeting the needs and concerns of our stakeholders from the vast community as well as our employees through a variety of thoughtful programmes and impactful initiatives. We believe that every individual we support builds a stronger community and every community we have opportunities to engage with builds towards a progressive and inclusive nation.

Our key initiatives in the social action space include the *MGB Care Group Initiative, as well as the Happily Grow Together with MGB Programme*, which are described in further detail below.

CARE GROUP INITIATIVE

Passion, Creativity, and Care are MGB's three Brand Values and embedding these Brand Values, particularly on "Care", into our working culture is vital in ensuring the welfare of our people, who are also our biggest asset. Thus, the "Care Group" was formed in January 2017, which consists of the members of *Super Glue* committee and HR. The objective of the Care Group initiative is to reward our fellow employees and to enrich MGB's culture in maintaining a delightful working environment with highly efficient working teams.

The Care Group initiative was initiated through a systematic approach of collecting relevant data to analyse and understand the expectations of our employees and their working culture. This approach achieved its objective leading the task force to design relevant activities to foster interaction amongst employees and build-up strong team spirit. The initiative provides a medium for all levels to freely discuss and bring forward ideas to better innovate the work processes that we have. We found the activities organised were engaging and informative, especially understanding the culture of others which indirectly promotes diversity and inclusion within our organisation.

COMMUNITY (CONT'D)

***Figure 9: MGB's Care Group and our* Brand Values**

BRAND VALUES

PASSION	CREATIVITY	CARE
We believe that passion in the business causes us to self-innovate. It spurs us to explore and to embrace new ideas of working, new software and new ways of communication to create greater timeliness and efficiency for our clients. Greater efficiency means a better bottom line.	We understand that every generation has different needs. Innovation can come through creative thinking that provides apt solutions that cater to the specific needs, so that greater value is felt to the end consumer.	We believe in a working culture that puts people first - people innovation. Apart from caring for their well-being, we believe in promoting and nurturing talent by providing the right environment and guidance to create a culture of seeking progress.

HAPPILY GROW TOGETHER WITH MGB ("HGTM")

HGTM is an initiative aimed at rewarding our employees through three aspects of our working values. These three working values are represented by one key theme. Illustrated below are the three themes with their aim and extended values.

Figure 10: HGTM Initiative's Themes and Aims

HAPPILY	GROW	TOGETHER
Aim: To create an enjoyable yet high performance working environment	Aim: To promote innovation and creativity in MGB	Aim: To promote sense of belongingness in MGB
Enjoyable working environment	Improve personal knowledge and skills	We are MGB-ian
Creative workplace	Develope one's potential to be a better person	We are a family with the same vision - Create Living Space, Enrich Life
Be proud of MGB's achievements	Progressive business and to improve company's performance	
Receive rewards accordingly	To increase company's popularity in the industry	

COMMUNITY (CONT'D)

Chinese New Year Celebration

Hari Raya Celebration

Christmas

The MGB team tends to focus on internal company activities with a strong social bonding focus. Through the HGTM programme, the activities planned assist in facilitating interaction between colleagues that an employee may not normally work with. Additionally, fostering feelings of social cohesion within the MGB team has a positive chain reaction on employee morale and team work. As we value our employees, we intend to continue the cycle of positive enforcement through the HGTM initiatives.

CHARITABLE ACTIVITIES

Aligning to our parent company's strategy in giving back to the community, we joined forces with LBS Foundation, LBS Bina Group Berhad's consolidated corporate social responsibility platform, to support philanthropic causes by donating to various charity organisations in cultural and social welfare activities. In addition, giving back and helping build stronger communities is a shared value across the Group and amongst our employees of all levels. Our employees regularly participate in community events and charity initiatives organised by our parent company LBS Bina Group Berhad. Among the activities we conducted together in 2018 were the Beach Cleanup 2018 and the Kiwanis Motor Treasure Hunt.

Figure 11: Beach Cleanup 2018.

COMMUNITY (CONT'D)

FOSTERING THE NEXT GENERATION THROUGH EDUCATION

In 2016, MGB deepened its commitment in creating value for the community by signing a Notes of Collaboration between MGB, as part of the Master Builders Association Malaysia (MBAM)'s, with Politeknik Ungku Omar to establish a Work Based Learning (WBL) Programme.

The WBL Programme is designed with the aim to build human capital that meets the needs of the construction industry, enabling us to establish a closer cooperative relationship with the institution of higher learning. To date, there have been a total of 10 interns who have participated in the WBL Programme with MGB. Among the five WBL Programme's interns who have graduated from Politeknik Ungku Omar, three are currently employed in MGB.

Apart from the WBL Programme, MGB accepts applications from interested and aspiring students in relevant tertiary courses for internships throughout the year. In total, we have had 10 additional students from colleges and universities participate in our internship programme during the reporting year.

At MGB, we strongly value the concept of sharing and strive to continue delivering and sharing our time, compassion and wealth with the underprivileged, and hope to continue doing so for time to come.

BEACH CLEANUP 2018

More than 80 volunteers form the MGB and LBS teams participated in a Beach Cleanup activity at Pantai Morib, Selangor as part of the *International Coastal Cleanup (ICC) Day*. The event was aimed to educate the younger generation on the importance of marine conservation and the negative impacts of pollution onto it.

Figure 12: MGB at the 35th Kiwanis Treasure Hunt

KIWANIS MOTOR TREASURE HUNT

In support of the Kiwanis Treasure Hunt 2018, the LBS Bina Group Berhad and MGB Berhad collectively pledged RM30,000 towards the event. Both companies are long-term supporters of the annual event over the past decade. This year's event theme was entitled '*Try a Little Kindness*' and took place in May 2018.

FEATURE STORY:
INDUSTRIALISED BUILDING SYSTEMS (IBS) IN MGB

MGB'S COMMITMENT TO SUSTAINABILITY CAN BE WITNESSED THROUGH ITS BUSINESS PRACTICES AND DIRECTION. OVER THE PAST FEW YEARS, MGB HAS BEEN EXPLORING INNOVATIVE AND SUSTAINABLE METHODS OF CONSTRUCTION, TO IMPROVE EFFICIENCY, DECREASE WASTAGE AND IMPROVE QUALITY OF CONSTRUCTION. IN ADDITION TO THE MATERIALITY DISCLOSURES PRESENTED IN THIS REPORT, WE ARE PROUD TO FEATURE THE INDUSTRIALISED BUILDING SYSTEMS (IBS) INITIATIVES DEVELOPING AT MGB.

IBS, also known as prefabrication, is a technique that increases the efficiency, quality, and productivity of construction projects. The successful implementation of IBS results in faster project completion as well as cleaner, neater and safer construction sites. Additionally, IBS decreases dependence on the use of manual labour at construction sites, providing greater quality control of projects. With less labour utilised and the reduction of the construction timeframe, an earlier return of investment often occurs.

The concept of IBS was introduced to Malaysia in the early 1960s when the Ministry of Housing and Local Government visited several European countries to examine their housing development programmes. Since then, IBS has been gaining traction as an effective solution which has increasingly complemented construction practices in the local industry. Iconic Malaysian landmarks such as the KLCC Petronas Twin Towers, Kuala Lumpur International Airport (KLIA) and key urban infrastructure systems such as the Light Rail Transit (LRT), have all benefitted from IBS.

In 2016, the Construction Industry Transformation Programme (CITP), a framework for the construction sector to increase its productivity, safety and quality standards, and environmental sustainability and create internationally competitive standards was launched. This is in tandem with the Public Works Minister's statements in 2017 with regard to making the adoption of IBS in construction projects mandatory by 2020. MGB is proud to be a part of the Malaysian Government's aspirations for increasing the uptake of productivity of the local construction sector.

MGB is a subsidiary of LBS Bina Group Berhad (LBS), which prides itself on being one of the leading affordable housing providers in Malaysia. A joint venture was formed in 2017 with SANY Construction Industry Development (M) Sdn Bhd, a subsidiary of SANY Group being the largest provider for precast concrete equipment solutions in China, leading to the formation of our first precast concrete mobile plant, located at Alam Perdana, Ijok in Selangor, which commenced its operation in May 2018. Through our strategic partnership, MGB possesses the capability to build an average of 2,000 units of properties annually with significantly reduced reliance on manual labour, thereby with the adoption of IBS Precast Concrete, it enabled us surpassing the IBS scoring requirement imposed by the Construction Industry Development Board (CIDB) of Malaysia.

Over the past year, we have monitored our projects and found that utilising IBS in our projects have saved a total of 33% on construction time, 31% reduction of manpower quantity, and a 49% savings on manpower cost. These results highlight the benefits that creating sustainable and innovative solutions in construction can have on our operation, which we hope can set a good example to the industry as well as lead to other pioneering sustainable solutions to be pursued.

UTILISING IBS IN OUR PROJECTS HAVE SAVED A TOTAL OF

33%

ON CONSTRUCTION TIME

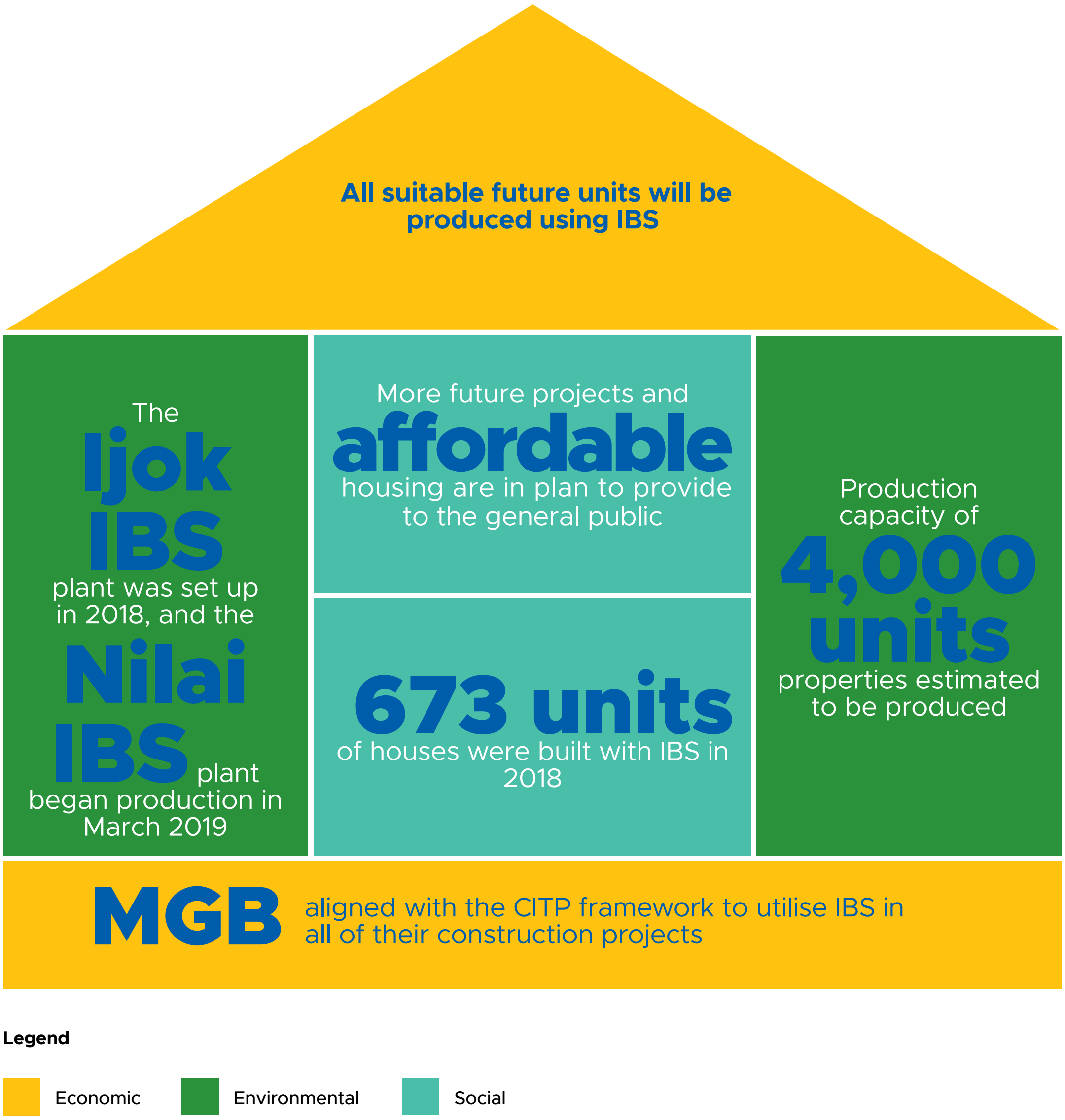
31%

REDUCTION OF MANPOWER QUANTITY

49%

SAVING ON MANPOWER COST

Figure 14: MGB Highlights in IBS from an Economic, Environmental and Social Perspective



With the Government's targets to increase affordable housing in the market, there is a projected increase in demand for IBS components, as they provide time and cost-efficient solutions to construction. MGB has set up a permanent plant in Nilai, Negeri Sembilan, which began production in March 2019. Both our plants in Ijok and Nilai are expected to have a combined production capacity of 4,000 units' of properties per year. Together with our parent group LBS, we intend to continue advocating and increasingly adopt IBS in our developments as it presents an effective method for delivering high-quality products in a timely and cost-effective manner.

GRI STANDARDS CONTENT INDEX

GRI 102-55

GRI Standards	Disclosures	Page Reference
ORGANISATIONAL PROFILE		
GRI 102-1	Name of the organisation	Cover Page
GRI 102-2	Activities, brands, products and services	Page 26
GRI 102-3	Location of headquarters	Page 7
GRI 102-4	Location of operations	Page 7 & 27
GRI 102-5	Ownership and legal form	Page 6 & 68
GRI 102-6	Markets served	Page 26 & 27
GRI 102-7	Scale of the organisation	Page 18 & 27
GRI 102-8	Information on employees and other workers	Page 18
GRI 102-9	Supply chain	Page 55
GRI 102-10	Significant changes to organisation and its supply chain	Page 26 to 37
GRI 102-11	Precautionary Principle or approach	Page 38 to 41 & 99 to 101
GRI 102-12	External initiatives	Page 64 to 69
GRI 102-13	Membership of associations	Contact organisation for further details
STRATEGY		
GRI 102-14	Statement from senior decision-maker	Page 47 & 48
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards and norms of behaviour	Page 50
GOVERNANCE		
GRI 102-18	Governance Structure	Page 50
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	Page 51
GRI 102-41	Collective bargaining agreements	Not Applicable
GRI 102-42	Identifying and selecting stakeholders	Page 51
GRI 102-43	Approach to stakeholder engagement	Page 51 & 52
GRI 102-44	Key topics and concerns raised	Page 51
REPORTING PRACTISE		
GRI 102-45	Entities included in the consolidated financial statements	Page 46
GRI 102-46	Defining report content and topic Boundaries	Page 46
GRI 102-47	List of material topics	Page 52
GRI 102-48	Restatements of information	Not Applicable
GRI 102-49	Changes in reporting	Page 52
GRI 102-50	Reporting period	Page 46
GRI 102-51	Date of the most recent report	Page 46
GRI 102-52	Reporting cycle	Page 46
GRI 102-53	Contact point of questions regarding the report	Page 46
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Page 46
GRI 102-55	GRI content index	Page 70 to 71
GRI 102-56	External assurance	Page 50

GRI STANDARDS CONTENT INDEX (CONT'D)

GRI 102-55

GRI Standards	Disclosures	Page Reference
TOPIC: ECONOMIC PERFORMANCE		
GRI 103-1	Explanation of the material topic and its Boundary	Page 46 & 53
GRI 103-2	The management approach and its components	Page 53 to 54
GRI 103-3	Evaluation of the management approach	Page 53 to 54
GRI 201-1	Direct economic value generated and distributed	Page 54
TOPIC: PROCUREMENT PRACTICES		
GRI 103-1	Explanation of the material topic and its Boundary	Page 55
GRI 103-2	The management approach and its components	Page 55
GRI 103-3	Evaluation of the management approach	Page 55
GRI 204-1	Proportion of spending on local suppliers	Page 55
TOPIC: ENERGY		
GRI 103-1	Explanation of the material topic and its Boundary	Page 58 to 59
GRI 103-2	The management approach and its components	Page 58 to 59
GRI 103-3	Evaluation of the management approach	Page 58 to 59
GRI 302-1	Energy consumption within the organisation	Page 58 to 59
TOPIC: WATER		
GRI 103-1	Explanation of the material topic and its Boundary	Page 58 to 59
GRI 103-2	The management approach and its components	Page 58 to 59
GRI 103-3	Evaluation of the management approach	Page 58 to 59
GRI 303-1	Water withdrawal by source	Page 58 to 59
TOPIC: ENVIRONMENTAL COMPLIANCE		
GRI 103-1	Explanation of the material topic and its Boundary	Page 56 to 57
GRI 103-2	The management approach and its components	Page 56 to 57
GRI 103-3	Evaluation of the management approach	Page 56 to 57
GRI 307-1	Non-compliance with environmental laws and regulations	Page 56 to 57
TOPIC: OCCUPATIONAL HEALTH AND SAFETY		
GRI 103-1	Explanation of the material topic and its Boundary	Page 60 to 62
GRI 103-2	The management approach and its components	Page 60 to 62
GRI 103-3	Evaluation of the management approach	Page 60 to 62
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	Page 60 to 62
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 60 to 62
TOPIC: TRAINING AND EDUCATION		
GRI 103-1	Explanation of the material topic and its Boundary	Page 63
GRI 103-2	The management approach and its components	Page 63
GRI 103-3	Evaluation of the management approach	Page 63
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Page 63

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("**Board**") recognises the importance of good corporate governance and emphasises in instilling and maintaining a high standards of corporate governance within MGB and its subsidiaries ("**MGB Group**" or "**the Group**") by acknowledging and adopting the relevant principles and recommendations of the Malaysian Code on Corporate Governance ("**MCCG**"), where applicable to the operations of the Group towards financial sustainability and corporate accountability with the ultimate objective of protecting and enhancing long-term shareholders' value, while protecting the interests of all stakeholders.

The Board is, therefore, pleased to report that this statement sets out the extent of the Group's compliance with the recommendations of MCCG for the financial year ended 31 December 2018 ("**FY 2018**"). Overall, out of 36 Recommended Pratices, the Company has improved its application of Recommend Pratices to 29 from 28 in previous year with 3 departures and 4 non-adoption under the MCCG. This reflects the Board's effort to observe all the Recommended Practices.

The application of each Recommended Practices set out in the MCCG and any departures thereof during the financial year under review is disclosed under MGB Berhad's Corporate Governance Report published on MGB's website at www.mgbgroup.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

ROLES AND RESPONSIBILITIES

Board of Directors

The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance and enforces standards of accountability including the process for financial reporting, risk management and compliance.

The Board assumes, amongst others, the following roles and responsibilities: -

- to formulate, implement and evaluate the strategic plans and direction of the Group;
- to oversee the conduct and performance of the Group's businesses;
- to identify principal risks affecting the Group, setting the risk appetites and to ensure the implementation of appropriate mitigation measures;
- to establish and review training programme and succession planning to the Board and all candidates appointed to senior management positions are of sufficient calibre;
- to approve the change of corporate organisation structure plan including new investments or divestments both locally or abroad;
- to oversee the development and implementation of shareholder communication policy/practice for the Group; and
- to review the adequacy and the integrity of the Group's management information and internal control system.

The following are some of the major matters specifically reserved for the Board: -

- review, debate and approval of corporate strategies, plans, targets and programmes proposed by Management prior to their implementation and execution;
- approval and monitoring of the progress of material investments and divestments, mergers and acquisitions, corporate restructuring both local and aboard;

PART I – BOARD RESPONSIBILITIES (CONT'D)

ROLES AND RESPONSIBILITIES (CONT'D)

Board of Directors (CONT'D)

The following are some of the major matters specifically reserved for the Board (Cont'd): -

- appointment of new Directors and Managing Director/Chief Executive Officer based on recommendation of the Group's Nomination and Remuneration Committee;
- annual financial statements and the quarterly financial results prior to releasing to Bursa Malaysia Securities Berhad ("**Bursa Securities**"); and
- material related party transactions and capital financing.

Board Committees

The Board delegates specific responsibilities to the respective committees of the Board, namely Audit Committee, Nomination and Remuneration Committee and Risk Management Committee in order to enhance business and corporate efficiency and effectiveness. The Chairman of the respective Board Committees will brief the Board on the matters discussed at the respective committees' meetings and minutes of these meetings are circulated to the Board. All Board Committees operate within their clearly defined terms of reference and operating procedures whereupon the Board receives reports of their proceedings and deliberations with their recommendations. The ultimate responsibility for decision making lies with the Board.

Senior Management Team

The Board is not involved in the day-to-day operations whereby the Board delegates the authority and accountability for the day-to-day business operations of the Company, its subsidiaries and their respective operations to the Senior Management team led by the Chief Executive Officer ("**CEO**") who reports periodically to Group Managing Director, Board and Board Committees. The Senior Management team is responsible for assisting the CEO in implementing the policies and procedures adopted by the Board to achieve the Group's objectives.

The delegation of authority includes responsibility for: -

- Developing and implementing the strategies, business plans and budgets of the organisation.
- Identifying and managing operational risks on a daily basis where those risks could have a material impact on the businesses, formulating strategies to manage these risks including the preparation of Risk Assessment Reports and/or convening of Risk Management Committee ("**RMC**") Meeting for all major investments or divestments transactions prior to final decision being made.
- Managing the Company's current financial and other reporting mechanism as well as control and monitoring systems to ensure that these mechanism and systems capture all relevant material information on a timely basis and are functioning effectively.
- Ensuring that the Board and Board Committees are provided with sufficient and updated information on a timely basis in regard to the Group's businesses and, in particular, with respect to the performance, financial condition, operating results and prospect to enable the Board and Board Committees to fulfil their governance responsibilities.

The Board delegates the resources management to the Senior Management team and has unrestricted access to any information pertaining to the Company and the Group. As such, the Senior Management team would be invited to attend the Board Meetings as and when necessary, to furnish with explanations and comments on the relevant agenda items tabled at the Board Meetings or to provide clarification on issue(s) that may be raised by the Directors. The Board and the Senior Management team works together to make decisions that will result in growth of the Company.

A brief profile of each director and key senior management are presented on page 8 to 17 of this Annual Report.

PART I – BOARD RESPONSIBILITIES (CONT'D)

ROLES AND RESPONSIBILITIES (CONT'D)

The following diagram shows a brief overview of the roles and responsibilities of the Board, Board Committees and Senior Management Team of the Company:

Board
Responsible for the long-term success of the Group. It sets strategy and oversees its implementation, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

BOARD COMMITTEES

Audit Committee
Responsible for the oversight of the Group's financial and reporting processes, the integrity of the financial statements, the external and internal audit processes, and the systems of internal control and risk management.

Please refer to the Audit Committee Report which forms part of this Annual Report for further details.

Nomination and Remuneration Committee
Responsible for reviewing and recommending to the Board on board composition, board evaluation, executive remuneration policy and recommend the remuneration packages of the Executive Directors.

Please refer to Section on Nomination and Remuneration Committee of this Statement on Corporate Governance for further details.

Risk Management Committee
Responsible for the oversight of the implementation of the risk management system and to ensure that the risk management process is in place and functioning effectively.

Details of the Group's Risk Management are set out in the Statement on Risk Management and Internal Control in this Annual Report.

Group Managing Director
Responsible for the implementation of the Board's strategies, day-to-day management of the business and all matters which have not been reserved to the Board or delegated to its Committees.

Senior Management Team
An executive team that operates under the direction and authority of the Chief Executive Officer who reports periodically to Group Managing Director, Board & Board Committee. It assists the Chief Executive Officer in implementing strategies and policies set by the Board and managing the operational and financial performance of the Group. It also addresses other key business and corporate related matters, including succession planning and organisational development.

MANAGEMENT COMMITTEES

Sustainability Committee
Responsible for overseeing and addressing sustainability issues relating to all groups of stakeholders.

Health, Safety & Environment (HSE) Committee
Responsible for establishing and implementing the Group HSE Management System to achieve the objectives of HSE.

Other Ad-Hoc Committees
Ad-hoc Committee will be formed based on the specific corporate exercise or operation of the Group when the need arises.

PART I – BOARD RESPONSIBILITIES (CONT'D)

ROLES AND RESPONSIBILITIES (CONT'D)

Roles between the Chairman and Group Managing Director

The roles of the Chairman and Group Managing Director are distinct and separate to ensure balance of power and authority. The Chairman of the Board is primarily responsible for ensuring Board effectiveness and monitoring the workings of the Board whilst Group Managing Director has the overall responsibilities over the Group's operation, organisational performance effectiveness and implementation of strategy, overseeing and managing the day-to-day operations of the Group and the Board policies, decisions, consideration and approval. Group Managing Director is also responsible for determination of strategic direction of the Group for the Board's consideration and approval.

The clear separation of roles of the Chairman and Group Managing Director provides a healthy, independent and professional relationship between the Board and the Management.

Qualified and Competent Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary in discharging its role and responsibilities.

The Company Secretary plays an important advisory role and as a central source of guidance, information and advises to the Board and Board Committees on issues relating to corporate compliance with the relevant laws, rules, regulations and procedures affecting the Board and the Group, as well as best practices of governance.

The Board members and Board Committees have unlimited access to the services of the Company Secretary and is updated with new regulatory, regulations or requirements of current developments in the regulatory framework and governance practice concerning their duties and responsibilities. The Company Secretary will brief the Board members and Board Committee on the proposed corporate exercises and timings of material announcements to be made to the Bursa Securities. The Company Secretary also facilitates the organisation of internal as well as external training programmes or seminar for Directors and keeps record of the trainings attended by Directors.

The Company Secretary attends all the Board and Board Committees' meetings and ensures that all board papers are sent to the members in a timely basis, meetings are properly convened and appropriate records of the deliberations and proceedings are accurately recorded duly signed by the Chairman. The Company Secretary also facilitates the communications of decisions made and policies set by the Board to the Senior Management Team for action. The Company Secretary works closely with the Management to ensure that there are timely information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

The Company Secretary has the requisite credentials and is qualified to act as company secretary under Section 235(2) of the Companies Act, 2016. The Company Secretary holds a senior position with adequate authority and reports directly to the Board. The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

The profile of the Company Secretary is presented on page 17 of this Annual Report.

PART I – BOARD RESPONSIBILITIES (CONT'D)

BOARD MEETINGS

A pre-scheduled annual calendar of the Board Meetings is circulated to all the Board members at the beginning of each year to facilitate the Directors to plan their schedules. Board Meetings are usually held a minimum of five (5) times in a year. Additional meetings would be convened as and when there are important and urgent decisions to be made, which required to be taken in between the scheduled meetings. Directors are allowed to participate in Board Meetings via tele-conference.

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the Main Market Listing Requirements ("**MMLR**") of Bursa Securities. During the FY 2018, a total of five (5) Board Meetings were held. The attendance of each Director at the Board Meetings is tabulated as below: -

DIRECTORS	NUMBER OF MEETINGS HELD DURING TENURE IN OFFICE	ATTENDANCE
Dato' Abdul Majit bin Ahmad Khan (Chairman)	5	5
Tan Sri Lim Hock San, JP	5	5
Datuk Wira Lim Hock Guan, JP	5	5
Datuk Lim Lit Chek	5	5
Lim Kim Hoe	5	5
Dato' Beh Hang Kong	5	5
Chin Sui Yin	5	5
Datuk Tan Choon Hwa, JP (1)	5	5
Nadhirah binti Abdul Karim (2)	-	-

(1) Resigned with effect from 1 February 2019
(2) Appointed with effect from 1 February 2019

The proceedings of Board Meetings are conducted in accordance with a structured agenda together with comprehensive management reports and supporting information including operating results, reviews and analysis, board papers in relation to corporate proposals (if any), regulatory/statutory updates which are furnished to the Directors in advance of each Board Meetings so as to accord sufficient time for the Directors to study the meeting materials prior to discussion at the meetings.

At the Board Meetings, the Group Managing Director and Chief Executive Officer provide updates of significant issues relating to the Group's business outlook, major acquisition and disposal of assets/investments and updates from business development while the Head of Accounts & Finance Department presents Group's financial results. The Chairmen of the respective Board Committees would report any significant issues noted and/or deliberated at the relevant Board Committees which require the Board's attention and approval for implementation. Minutes of the respective Board Committees' meetings are also tabled for the Board's notation.

The Board members are constantly updated on the progress and development of any ongoing significant issues or matters at the subsequent meetings. All deliberations at Board Meetings are duly minuted as records of proceedings. Decision made, policies approved and follow-up actions at Board Meetings will be communicated to the Management accordingly.

All Directors are invited to deliberate and discuss on any issues as they deem fit. Where a potential of conflict arises in the Group's transactions involving any Director's interest, such Director is required to declare his/her interest and abstain from the decision-making process. For the FY 2018, there was corporate proposal which created a situation of conflict of interests involving a few present Directors, wherein they had abstained from deliberation and making decision on the proposal accordingly.

PART I – BOARD RESPONSIBILITIES (CONT'D)

BOARD MEETINGS (CONT'D)

The Company Secretary who attends each Board Meeting plays an important role to ensure that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance requirements and the Directors' responsibilities in complying with relevant legislation and regulations. The Board is updated with new regulatory, regulations or requirements concerning their duties and responsibilities.

SUPPLY OF INFORMATION

The Management has an obligation to supply the Board and Board Committees with adequate information, in a timely manner, to enable them to make informed decisions. Where more information is required than those voluntarily given by Management, all Directors are allowed to make further enquiries where necessary. Therefore, the Board and individual directors have separate and independent access to the Company's Senior Management for additional information and advice at all times.

The Board is supplied with financial and non-financial information in order for them to monitor the Company's performance against its strategic objectives. Information provided including: -

- quarterly/annual financial performance report of the Group;
- risk assessment reports on major investments and divestments of the Group;
- Group's risk profile;
- updates on corporate exercises and significant compliances; and
- updates on regulatory and legislation changes.

Presentations on major proposals are made at meetings of the Board and Board Committees in a manner that ensures clear and adequate information on the subject matter is delivered. All Directors have the right and duty to make further enquiries where they consider necessary. Members of the Senior Management team are invited to the meeting to provide insight and to furnish clarification on issues that may be raised by the Board.

To ensure that the Board receives information in a timely manner, the notices of meetings are sent to the Directors at least one week in advance and the meeting e-books are delivered on the same day the notices are sent, or in any event, at least three (3) days before the meeting. This provides the Board with sufficient time to go through the meeting e-books and to raise important issues during the meeting.

All Directors, whether as a full Board or individually, have full and unrestricted access to the advice and services of the Senior Management Team, Company Secretary, Internal Auditors and External Auditors in the furtherance of their duties.

When necessary, the Board members may seek external professional advice, whether as a full Board or in their individual capacity, to enable them to discharge their duties with adequate knowledge at the expense of the Company. In addition, the Board has unrestricted access to the Company's information and receive regular information updates from the Management. Corporate announcements released to Bursa Securities are sent via e-mail to all the Directors.

BOARD CHARTER

The Board has adopted a Board Charter which sets how its roles, powers and responsibilities are exercised, having regard to principles of good governance, best practices and applicable laws.

The Board Charter upholds high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation as to how the Board discharge its duties and responsibilities. The Board Charter will be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the Company from time to time and its compliance with the relevant laws, rules and regulations. The last review of the Board Charter was made in November 2017. The Board Charter is made available at the Company's website at www.mgbgroup.com.my.

PART I – BOARD RESPONSIBILITIES (CONT'D)

BOARD CHARTER (CONT'D)

The Board Charter comprises, amongst others, the following key areas: -

- Roles of the Board and Board Committees
- Roles of Chairman and Managing Director
- Board Size and Composition
- Code of Ethics for the Board
- Board Efficiency
- Stakeholder Communication
- Process of the Board
- Board Effectiveness Assessment
- Training and Development
- Directors' Selection Criteria
- Terms and Tenure of Appointment

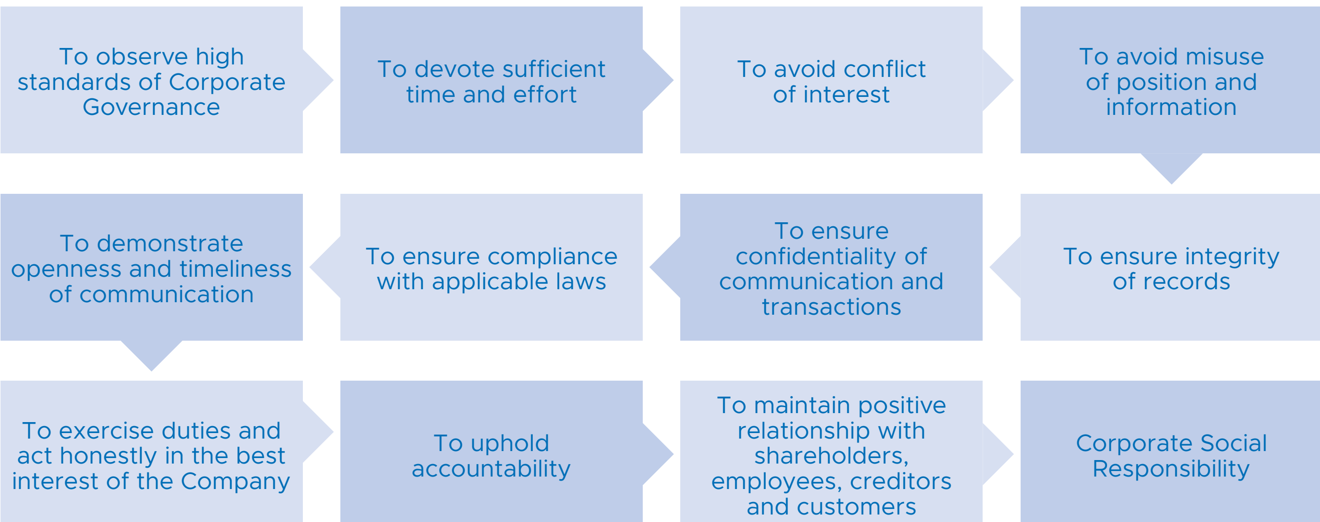
FORMALISED ETHICAL STANDARDS THROUGH CODE OF CONDUCT AND BUSINESS ETHICS

The Group's Code of Conduct and Business Ethics for Directors and employees continue to govern the standards of ethics and good conduct expected from the Directors and employees.

Directors' Code of Conduct

The Board in discharging its function besides observing the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of the Companies Act, 2016 and MCCG, has adopted its Directors Code of Conduct which sets out twelve (12) principles as guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on the principles of integrity, responsibility, sincerity and corporate social responsibility.

Board members are required to observe the Directors' Code of Conduct as follows:



PART I – BOARD RESPONSIBILITIES (CONT'D)

Directors' Code of Conduct (Cont'd)

The Board will review the Directors' Code of Conduct as and when necessary to ensure it remains relevant and appropriate. The last review of the Directors' Code of Conduct was made in November 2017. The full version of the Directors' Code of Conduct is available for reference at the Company's website at www.mgbgroup.com.my.

Employees are also expected at all times to maintain the highest standards of professionalism and integrity. The Company has set out various policies and procedures in relation to the code of conduct for the Directors and employees, such as: -

Insider Trading

Directors and employees who possess price sensitive information which is not available to the public, are not allowed to trade in the Company's securities which is in consistent with Subdivision 2 – Insider Trading, Part V – Market Misconduct and Other Prohibited Conduct of the Capital Markets and Service Act, 2007 and Paragraph 14.04 of the MMLR of Bursa Securities.

Relevant notifications in relation to the dealings of the Company's securities during close period are sent to Directors and principal officers on a quarterly basis specifying the timeframe of close period and the day of which they are prohibited from dealing in the Company's securities.

Declaration of Interests

The Directors acknowledge that by declaring their interest in any transaction with the Company and the Group, they will abstain themselves from deliberation and voting on the relevant resolutions at the Board Meetings or any general meeting to be convened to consider the matter. If a corporate proposal has to be approved by the shareholders, the Directors with any interest in the proposal will abstain from voting on the resolution and will further undertake to ensure that persons connected with them also will abstain from voting on the resolution.

Group IT Policies

Under the Group IT Policies, staffs are strictly prohibited from installing, copying or downloading any illegal, unlicensed and unauthorised software onto their desktop PC and notebook, as these would constitute criminal offence under the Copyright Act, 1987. Stern disciplinary actions will be taken against any staff who found committed this offence.

Standard Operating Procedures ("SOPs")

Well documented SOPs of certain functions of the various key departments within the Group were established and approved as standard processes, procedures and responsibilities for employee. It provides as their key reference in maintaining efficiency and the uniformity of the performance of a specific function.

Corporate Disclosure Policy and Procedure

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the MMLR of Bursa Securities.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The Management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

PART I – BOARD RESPONSIBILITIES (CONT'D)

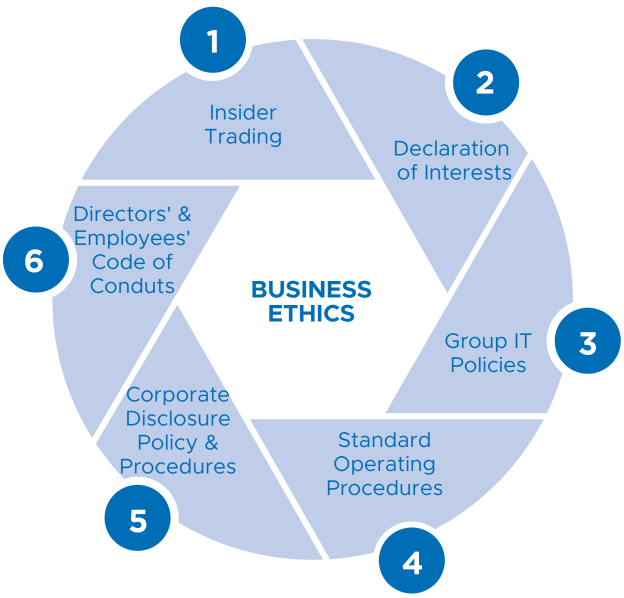
Corporate Disclosure Policy and Procedure (Cont'd)

Besides the above, the Company's Annual Report, circulars and financial results are dispatched on annually basis to the shareholders to provide an overview of the Group's business activities and performances. The Share Registrar is available to attend to administrative matters relating to shareholder interests. The Company strive to provide a high level of transparency reporting in order to provide value for users.

Employee Code of Conduct

Employees are expected at all times to maintain the highest standards of professionalism and integrity in all that they do. This includes communications with colleagues, customers, clients, suppliers and the public. These standards apply to communications that are verbal, written (for example: memo, letter and report) and electronic (including but not limited to fax, email, mobile phone text messages, telephone, voicemail or internet).

Employees shall, apart from carrying out their respective job function, obey and comply with all reasonable and lawful orders and directives from the Company and to observe faithfully all rules, regulations and policies, which may be applicable to the Group in general.



WHISTLEBLOWING POLICY AND PROCEDURES

The Board believes in promoting high standard of integrity and accountability in managing its day-to-day businesses and operations and aims to conduct its affairs in an ethical, responsible and transparent manner. The Board acknowledges that misconduct in any company such as violation of laws, rules, regulations, fraud, health and safety violations or corruption are usually known first by the people who work in or with the Group. An early warning system such as a whistleblowing procedure can help the Group detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis. In addressing this concern, the Company has formalised a whistleblowing policy in 2016 with the aim of providing an avenue for all employees of the Group and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

The Whistleblowing Policy is currently available on the Company's website www.mgbgroup.com.my for ease of reference.

PART II & III – BOARD COMPOSITION & REMUNERATION

COMPOSITION OF THE BOARD

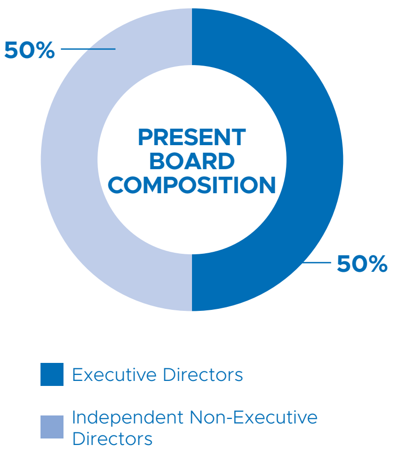
During the calendar year 2018, the Board had eight (8) members comprising three (3) Independent Non-Executive Directors ("**INEDs**"), one (1) Non-Independent Non-Executive Director ("**NINED**") and four (4) Executive Directors (including Group Managing Director) led by Dato' Abdul Majit bin Ahmad Khan as the Chairman and Independent Non-Executive Director of the Company.

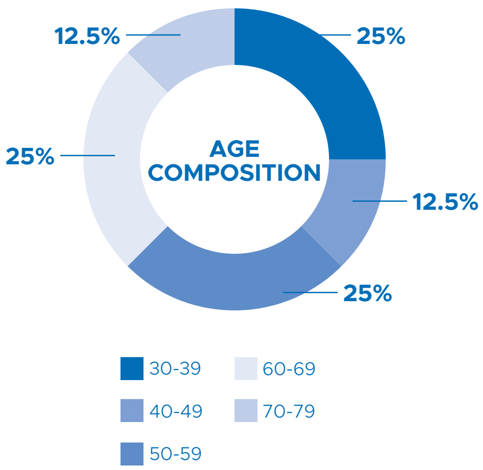
The Board are composed of individual with diverse wealth of qualifications, experience, skills and knowledge in areas ranging from civil engineering, accountancy, economics, business administration and business entrepreneurship. The composition of the Board is deemed fairly balanced to complement and to provide clear and effective leadership to the Company and to bring informed and independent judgement to various aspects of the Company's strategies and performance.

The Board cognisance that the composition of the Board in 2018 is not aligned with the desired practice of at least half to comprise independent directors. Although less than half of the Board comprises independent directors, there are 4 Non-Executive Directors which account for 50% (vs 4 Executive Directors) of total Board members. By virtue of their non-executive status, they are not involved in the day-to-day management of the Group's businesses, nor do they participate in any of its business dealings. In view thereof, the Board opined that the composition in 2018 to be effective in decision making at the Board level where independent deliberation is still being upheld with the presence of the three (3) INEDs at the Board together with one (1) NINED.

In addition, the NINED, Dato' Beh Hang Kong was re-designated as INED of the Board on 1 February 2019. With his re-designation, the number of INEDs rose to four (4) as compared to four (4) executive directors. They constituted 50% of the Board, which is in line with the aforesaid MCCG recommended practice.

Apart from that, the present composition of the Board is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities, which stipulates that at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.





BOARD SKILLS AND EXPERIENCE

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

TENURE OF INDEPENDENT DIRECTORS

In accordance with the Practice 4.2 of the MCCG, the Board has adopted a policy that the tenure of an independent director should not exceed nine (9) years cumulatively. However, an Independent Director who has served the Company beyond nine (9) years may, subject to Nomination and Remuneration Committee's recommendation and shareholders' approval, continue to serve the Company in the capacity of Independent Director.

In line with the said Recommended Practice 4.2 of the MCCG, the Board had accepted and approved the resignation of Datuk Tan Choon Hwa, JP in view of reaching his 9 years' tenure.

RE-ELECTION OF DIRECTORS

The Nomination and Remuneration Committee is responsible for making recommendations to the Board those Directors who are eligible to stand for re-election or re-appointment. The recommendation made in accordance with the Company's Constitution, one third (1/3) of the Directors including the Group Managing Director shall retire from office at least once in every three (3) years in compliance with the MMLR of Bursa Securities and shall be eligible for re-election at each Annual General Meeting ("**AGM**"). Directors appointed during the year are subject to retirement and re-election by the shareholders at the next AGM following their appointment.

The names of the Directors seeking for re-election at the forthcoming Seventeenth (17th) AGM are disclosed in the Notice of AGM.

BOARD APPOINTMENT PROCESS

The Board has delegated the responsibility for recommending a potential candidate to fill a Board vacancy to its Nomination and Remuneration Committee ("**NRC**"). The ultimate decision on the appointment of new director lies with the Board as a whole.

The NRC will perform initial process of review and selection of candidates identified for appointment to the Board. The list of candidates available will be assessed to determine whether they possess the appropriate skills, competencies, experience, integrity and time to effectively discharge their role as director before potential candidate are recommended to the Board for approval. Besides, the diversity of the Board's composition which include, inter-alia, board size, gender, ethnicity, age will also be taken into consideration in the board appointment process. The Company Secretary will ensure that all appointments are properly made, all the necessary information is obtained as well as all legal and regulatory obligations are met.

BOARDROOM DIVERSITY

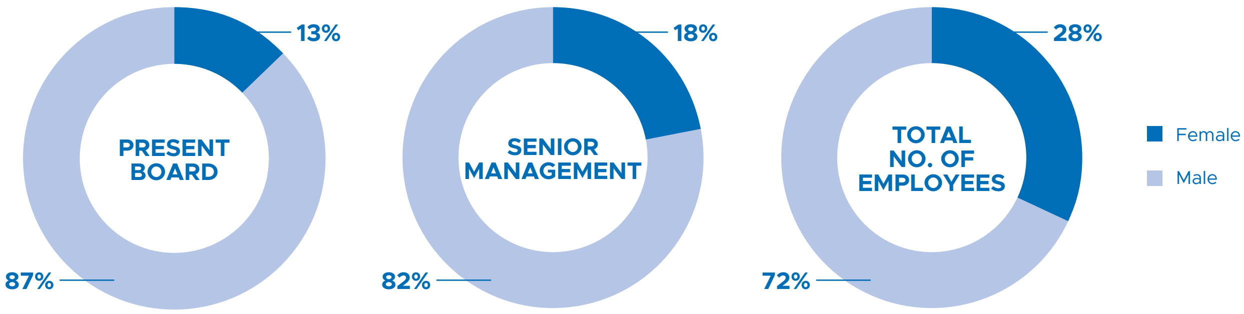
The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. Currently, the Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Nevertheless, the issue on gender diversity had been discussed and given prominence during deliberations by the NRC and the Board. Any new proposed appointment of director of the Company in future, NRC and the Board will evaluate and match the criteria of the potential candidate to the Board by taking into consideration of the boardroom diversity.

Following the appointment of Puan Nadhirah binti Abdul Karim on 1 February 2019, one (1) out of the eight (8) Directors is a female, which has improved the women representation on the Board and testified to the Group's commitment on gender diversity.

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

BOARDROOM DIVERSITY (CONT'D)



ANNUAL ASSESSMENT OF INDEPENDENCE

The Board is mindful and also recognises the pivotal role of the INEDs in corporate accountability as they provide unbiased and independent views, advice and judgement to issues and decisions and act in the best interest of the Group and its shareholders.

The Board assess the independence of its INED annually for appropriate proper functioning of the Board and provides effective check and balance in discharging its responsibilities. No individual or small group of individuals dominates the Board's decision making. For purpose of determination of independence, the INEDs who are not related to the substantial shareholders of the Company provide declarations regarding their independences.

When reviewing the independence of the INEDs, the NRC would consider their other directorships, annual declaration regarding their independence, disclosure of interest in transactions in which they have a direct or indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions and their ability to maintain objectivity in their conduct as Directors of the Company.

The Board is satisfied with the assessment of the INEDs especially with the level of independence demonstrated by all the INEDs of the Company and their ability to provide objective judgement to the Board, which mitigate conflict of interest and undue influence from interest parties.

TIME COMMITMENT

None of the members of the Board has more than five directorships in listed companies. All Directors are obliged to notify the Board before accepting any new directorships in other listed companies. The notification will include an indication of time that will be spent on the new appointments to ensure that the Directors have sufficient time to discharge their duties to the Board and the various committees on which they serve.

The directorships of the Company's Directors in other public listed companies do not exceed the prescribed limits under the MMLR of Bursa Securities. This ensures that their commitment, resources and time are more focus and enables them to discharge their duties efficiently.

The Directors of the Company acknowledge the importance of allocating sufficient time to attend the affairs of the Company and at the same time ensure their full commitment towards the business needs of the Company and its Group.

Although there is no specified time commitment required of the Directors in terms of number of days per year, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. Besides attending Board, Board Committees and general meetings, the time spent by Directors also include attending informal meetings and discussions with Management relating to the Group's affairs, corporate events in-house professional development and training organised by the Company.

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

TIME COMMITMENT (CONT'D)

During the FY 2018, all the Directors of the Company have attended more than 50% of the attendance required by the MMLR of Bursa Securities. In the intervals between Board Meetings, for any matters requiring Board's decisions, the Board's approval is obtained through circular resolutions which are then noted at the next Board Meeting.

DIRECTORS' TRAINING AND INDUCTION

For newly appointed Director, a formal letter detailing the general duties and obligations as a Director pursuant to the relevant legislations and regulations will be given. The new Director will also be provided with books and printed materials relating to the roles and responsibilities of a director, the Group's principal businesses, corporate governance practices, company policies and procedures as well as a board meeting calendar for the year.

The Company Secretary would lead a comprehensive induction programme for newly appointed Director. The induction programme includes meetings with various key executives of the Management to allow the new Directors to be acquainted with the Management team and to facilitate their independent access in future to the Management team. The programme also includes briefing by the Company Secretary on the Company's board processes, internal controls and governance practices and by the Management team on key areas of the Company's operations.

For a first-time Director, he or she would be attending the Mandatory Accreditation Programme as prescribed by the MMLR of Bursa Securities in order to acquire relevant knowledge of what is expected of a listed company director.

All Directors are also provided with updates and/or briefings from time to time by professional advisers, consultants, Management and the Company Secretary in areas such as corporate governance practices, relevant legislations and regulations and financial reporting standards. The Company Secretary has periodically informed the Directors of the availability of appropriate courses, conferences and seminars, and the Directors are encouraged to attend such training at the Company expense.

An in-house Seminar on topic entitled "Understanding Financial Statements, MFRS 9 & 15" was attended by the Directors together with Management team during the FY 2018.

The Board will continue to evaluate and determine the training needs of its members to assist them in discharging of their duties as Directors of the Company.

Details of training/seminars/conference attended by the Board members during the financial year are listed as follows: -

NAME OF DIRECTOR	TRAINING / SEMINARS / CONFERENCE ATTENDED
Dato' Abdul Majit bin Ahmad Khan	• Corporate Governance Briefing Sessions – MCCG Reporting & CG Guide • The Malaysian Code on Corporate Governance: Key changes and impact to Board and Management • Artificial Intelligence and impact on Business • Understanding Financial Statements • Understanding MFRS 9 & 15
Tan Sri Lim Hock San, JP	• One Belt One Road Initiative "Exploring Business Opportunities in Guangdong" • The 6th Council Fujian Overseas Exchange Association • Malaysia-Guangdong Chamber of Investment Promotion (MGCIP) Bilateral Economic Forum • The 9th World Fujian Association Conference • Understanding Financial Statements • Understanding MFRS 9 & 15

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

DIRECTORS' TRAINING AND INDUCTION (CONT'D)

NAME OF DIRECTOR	TRAINING / SEMINARS / CONFERENCE ATTENDED
Datuk Wira Lim Hock Guan, JP	• Understanding Financial Statements • Understanding MFRS 9 & 15
Datuk Lim Lit Chek	• 44th IFAWPCA Convention – Building & Construction Conference • Malaysia-China Economic and Trade Cooperation Forum
Lim Kim Hoe	• 44th IFAWPCA Convention – Building & Construction Conference • Understanding Financial Statements • Understanding MFRS 9 & 15
Dato' Beh Hang Kong	• Corporate Governance Briefing Sessions – MCCG Reporting & CG Guide • Advocacy Programme on CG Assessment using the Revised ASEAN CG Scorecard Methodology • Understanding Financial Statements • Understanding MFRS 9 & 15
Chin Sui Yin	• Advocacy Programme on CG Assessment using the Revised ASEAN CG Scorecard Methodology • Understanding Financial Statements • Understanding MFRS 9 & 15 • Malaysia Cloud & Data Center Convention
Datuk Tan Choon Hwa, JP	• Understanding Financial Statements • Understanding MFRS 9 & 15

NOMINATION AND REMUNERATION COMMITTEE

The composition of NRC comprises three (3) members, whom exclusively of INEDs which is adhered to Paragraph 15.08A(1) of the MMLR of Bursa Securities. The present members of NRC are as follows:

a) Chairman - Dato' Abdul Majit bin Ahmad Khan
(Independent Non-Executive Chairman)

b) Members – Chin Sui Yin
(Senior Independent Non-Executive Director)

c) Members – Dato' Beh Hang Kong [(1)]
(Independent Non-Executive Director)

d) Members - Datuk Tan Choon Hwa, JP [(2)]
(Independent Non-Executive Director)

(1) Appointed with effect from 1 February 2019
(2) Resigned with effect from 1 February 2019

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

NOMINATION AND REMUNERATION COMMITTEE (CONT'D)

The NRC shall meet at least once a year unless otherwise determined by the NRC. The Quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members.

The NRC assesses the effectiveness of the Board as a whole and the Board Committee through the completion of the assessment questionnaires. The assessment parameters included board structure, operations, tenure, roles and responsibilities, Chairman's roles and responsibilities and the effectiveness of the Board in its monitoring role.

For the individual directors' performance evaluation is carried out via self and peer assessment conducted through a customised questionnaire completed by each of the Directors. It assesses the competencies of each Director in the areas of their contribution, performance, calibre and personality in relation to the skills and experience and other qualities they bring to the Board. Upon completion, the Company Secretary gathers the forms, summarises and presents the results of the performance assessment to the NRC. All the findings of all evaluations will be reported to the Board by the Chairman of NRC.

The NRC also reviews remuneration package comprising salaries, bonuses, benefits-in-kind and allowances of Executives Directors annually to ensure that the remuneration packages are fair and reasonable. The determination of the remuneration of the INEDs is a matter for the Board as a whole.

A summary of the activities of the NRC in discharging its duties during the year under review is as follows:

a) Reviewed the composition of the Board in respect of its structure, size and the required mix of skills and experience;

b) Reviewed the re-election of directors retiring by rotation pursuant to Article 90 of the Company's Constitution and re-appointment of director retiring pursuant to Article 89(g) of the Constitution at the Sixteenth (16th) AGM of the Company;

c) Assessed the independence of INEDs;

d) Annual assessment and evaluation of the Board, Board Committees and the individual directors; and

e) Reviewed remuneration package comprising salaries, incentives, bonuses, benefits-in-kind and allowance of Executive Directors.

The NRC, upon its annual assessment, confirms that the present size, mix of qualification, skills and experience as well as the composition of the Board has the requisite competencies and capacity to effectively oversee the overall businesses and handle all matters pertaining to the Group.

The Board is satisfied that the current function of NRC in respect of nomination and remuneration matters in accordance with its terms of reference.

Directors' Remuneration

The Group is committed to achieving sustained improvements in performance and this depends crucially on the individual contributions made by the executive members of the Board and by employees at all levels. Accordingly, the Board believes that an effective remuneration policy plays an essential part in the future success of the Group.

In reviewing the remuneration of Executive Directors, NRC with the assistance of Human Resource Department considers the level of remuneration has achieved the following main objectives of the Company's policy on Directors' remuneration: -

- to ensure remuneration package is competitive to attract and retain its Executive Directors who are capable in meeting the Company's goal;

- to reward Executive Directors for achieving corporate and individual performance targets in a fair and equitable way;

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

Directors' Remuneration (Cont'd)

- to ensure the remuneration package reflects the Executive Director's duties and responsibilities and contain incentives to motivate the Executive Director to deliver the Group's performance objectives without encouraging excessive risk taking; and

- the remuneration policy must be sufficiently flexible to take account of changes in the Group's business environment and market practices.

The remuneration package for Executive Directors comprises a fixed component (in the form of basic salary, contractual bonus and benefits-in-kind) and variable components (which includes variable year-end bonus and employee share options).

When reviewing and determining the structure of Directors' remuneration, the NRC takes into consideration of the following criteria: -

- Individual performance;
- Skills and knowledge;
- Involvement in the Group's affairs;
- Achievement of Group's internal targets; and
- Performance and profitability of the Group.

The NRC also considers other factors such as salary paid by comparable companies, time commitment, scope of duties and responsibilities. Relevant information on Directors' remuneration from independent consultant or survey data, when available, would also be used as reference by the NRC.

The Board as a whole recommends the proposed fees for the Non-Executive Directors with the individual directors concerned abstaining from decisions in respect of their individual remuneration. The fees, allowance and other benefits, if any, payable to the Non-Executive Directors are subject to the approval of shareholders at the Company's AGM.

The remuneration of the Directors for the FY 2018 is set out below: -

(a) The details of the Directors' remuneration (including benefits-in-kind) for each Director received/receivable **from the Company** during the FY 2018 are as follows: -

	Fees (RM'000)	Salaries, Bonuses, Allowances & Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)
Non-Executive Directors			
Dato' Abdul Majit bin Ahmad Khan	42	6	-
Chin Sui Yin	36	6	-
Dato' Beh Hang Kong	28	2	-
Datuk Tan Choon Hwa, JP [(1)]	30	5	-
Heng Chee Wei [(2)]	3	1	-
Executive Directors			
Tan Sri Lim Hock San, JP	-	-	-
Datuk Wira Lim Hock Guan, JP	-	-	-
Datuk Lim Lit Chek, JP	-	-	-
Lim Kim Hoe	-	-	-
Total	**139**	**20**	**-**

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

Directors' Remuneration (Cont'd)

(b) The details of the Directors' remuneration (including benefits-in-kind) for each Director received/receivable **from the Group** during the FY 2018 are as follows: -

	Fees (RM'000)	Salaries, Bonuses, Allowances & Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)
Non-Executive Directors			
Dato' Abdul Majit bin Ahmad Khan	42	6	-
Chin Sui Yin	36	6	-
Dato' Beh Hang Kong	28	2	-
Datuk Tan Choon Hwa, JP (1)	30	5	-
Heng Chee Wei (2)	3	1	-
Executive Directors			
Tan Sri Lim Hock San, JP	-	692	31
Datuk Wira Lim Hock Guan, JP	-	488	66
Datuk Lim Lit Chek, JP	-	937	71
Lim Kim Hoe	-	667	59
Total	**139**	**2,804**	**227**

Note:
(1) Resigned with effect from 1 February 2019.
(2) Resigned with effect from 31 January 2017. The remuneration disclosed above being his Director's fees and meeting allowance for financial year 2017 received in 2018.

Remuneration of Senior Management

The Board acknowledges the recommendation of MCCG to disclose the remuneration of top five (5) Senior Management on a named basis in bands of RM50,000. However, the Board considered the confidential and commercial sensitivities related with staff remuneration matters and the highly competitive human resource environment which being involved, it is important to ensure the stability and continuity of the business operations with a competent and experienced Executive team in place. At this particular juncture, the Board is of opinion that the disclosure be made on the following aggregate basis which allows stakeholders to make an appreciable link between remuneration of Senior Management and the performance of the Group.

Name	Salaries, Bonuses, Allowances & Other Emoluments	Benefits-In-Kind	Total
Top 5 Senior Management Remuneration	88%	12%	100%
	94%	6%	100%
	95%	5%	100%
	100%	0%	100%
	100%	0%	100%
Total (RM'000)	**2,180**		

PRINCIPLE B:
EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

AUDIT COMMITTEE

The composition of Audit Committee ("**AC**") of the Company comprises exclusively INEDs of whom assist the Board in fulfilling its fiduciary responsibilities relating in areas of financial reporting, external audit, internal control system, internal audit process as well as review of related party transaction. The AC also undertakes to provide oversight on the risk management framework of the Group.

The present members of the AC are as follows:

a) Chairman - Chin Sui Yin
(Senior Independent Non-Executive Director)

b) Members –Dato' Abdul Majit bin Ahmad Khan
(Independent Non-Executive Director)

c) Members - Dato' Beh Hang Kong (1)
(Independent Non-Executive Director)

d) Members – Nadhirah binti Abdul Karim (1)
(Independent Non-Executive Director)

e) Members - Datuk Tan Choon Hwa, JP (2)
(Independent Non-Executive Director)

(1) Appointed with effect from 1 February 2019
(2) Resigned with effect from 1 February 2019

The role and responsibilities of AC, number of meetings held, summary of AC activities conducted during the financial year are set out in the Audit Committee Report from pages 95 to 98 of this Annual Report.

FINANCIAL REPORTING

The Board endeavours to provide a clear, balanced and fair assessment of the Group's financial performance and prospect primarily through the audited financial statements, quarterly announcement of financial results and annual report to shareholders.

The Board is assisted by the AC to oversee the integrity of the Group's financial reporting processes. The processes are aimed at providing assurance that the financial statements and related notes were prepared and drawn up in accordance with the provisions of the Companies Act, 2016 and the applicable approved accounting standards in Malaysia. The quarterly financial results and audited financial statements were reviewed and recommended by the Audit Committee and approved by the Board before being released to Bursa Securities.

PART I – AUDIT COMMITTEE (CONT'D)

RELATIONSHIP WITH EXTERNAL AUDITORS

The Board maintains a formal and transparent relationship with its External Auditors in seeking valuable professional advice and in ensuring compliance with the applicable accounting standards. The External Auditors regularly bring up relevant matters that need to be addressed during the Audit Committee Meetings.

The Audit Committee was accorded the power to communicate directly with both the External and Internal Auditors in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

A full Audit Committee Report enumerating its role in relation to the External Auditors is set out from pages 95 to 98 of this Annual Report.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Audit Committee annually carry out the assessment procedures to determine the suitability and independence of the External Auditors including quality and performance of their audit to ensure the External Auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity. The annual assessment also ensures that the provision of other non-audit services by the External Auditors is not in conflict with their audit function. As an industry practice, the External Auditors rotate their engaging partner in charge of audit of the Group's financial statements once every 5 years to maintain their independence from the Group.

The External Auditors provide mainly audit-related services to the Company and also undertake certain non-audit services such as quarterly review, regulatory review and reporting, and other services as and when requested by the Group. The independence of external auditors can be impaired by the provision of non-audit services to the Company.

During the FY 2018, the Audit Committee undertook review of the suitability and independence of Messrs. UHY ("**UHY**"). In determining the independence of UHY, the Audit Committee reviewed various aspects of their relationships with them including the nature and amount of the non-audit services paid to UHY for the FY 2018 and the corresponding fees. The review showed that the non-audit fees did not impair or threaten the audit independence of UHY as such amount is not significant as compared to the total audit fees paid to UHY. Based on the review, the Audit Committee is of the opinion that UHY is, and is perceived to be, independent for the purpose of the Group statutory financial audit. UHY has declared its independence to the Group and its compliance pursuant to Paragraph 290.173 of the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

To provide support for an assessment on independence, the Audit Committee has also obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

In reviewing the nomination of UHY for re-appointment for the financial year 2019, the Audit Committee had considered the adequacy of the resources, experience and competence of UHY. The assessment of the External Auditor was conducted by completing evaluation form as guided by the Corporate Governance Guide on External Auditor Evaluation Form. The assessment included inter-alia, the external auditors' quality of service, audit team, independence and objectivity, audit scope and planning, audit fees, non-audit services provided by External Auditors to the Group and audit communications. The Finance team had shared their views and issues in respect of the performance of the External Auditors.

The Board and Audit Committee are satisfied with the competence and independence of the External Auditors and had recommended the re-appointment of the External Auditors for shareholders' approval at the forthcoming Seventeenth (17th) Annual General Meeting.

PART II – RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

SOUND RISK MANAGEMENT FRAMEWORK

The Board is aware of the importance of establishing and maintaining a sound system of risk management framework and internal control in the Company and the Group to safeguard shareholders' interest and Group's assets. The Board continuously reviews and examines the effectiveness and efficiency of the risk management framework and internal control system on areas such as financial, operational and compliance, and seek alternative ways for improvement should any weakness be detected and identified.

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls and risk management to ensure shareholders' investments, customers' interests and the Group's assets are safeguarded.

The Board has outsourced its Internal Audit function to an external professional Internal Audit Firm. Internal Auditors reports directly to the Audit Committee on audit matters and to the Group Managing Director on administrative matters. The Internal Auditors provides independent and objective reports on the Group's management, operational, policies and controls to the Audit Committee and also ensures that recommendations to improve controls are followed through by Management at the same time. The internal audit function conducted its works based on an annual Internal Audit Plan which was tabled before, and approved by, the Audit Committee.

Internal Auditors is responsible to conduct review on the systems of internal control; report the state of the systems of internal control and provide recommendations for improvement. All Internal Audit Reports were tabled and reviewed by the Audit Committee during Audit Committee Meetings. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective actions for improvement.

The systems of internal controls are continuously reviewed to ensure that they are working via the on-going review through internal audit process. The Audit Committee regularly evaluates the effectiveness and adequacy of the Group's internal control systems by reviewing the actions taken on internal control issues identified in the reports prepared by Internal Auditors during Audit Committee Meetings. The Audit Committee also reviews audit recommendations and Management's response to these recommendations.

Besides performing regular operational and compliance audit, the Internal Auditors may conduct investigation and any ad-hoc review upon the requisition from the Audit Committee or the Management.

The engagement of Internal Auditors is one of the many ways of reviewing and assessing the effectiveness of the risk management framework and internal control system of the Group. Both the Board and Management will rectify the weaknesses detected by the Internal Auditors through either adopting the recommendations made by the Internal Auditors or developing its own alternatives to eliminate such weaknesses.

Further information on the Group's risk management and internal control framework is made available on the Statement on Risk Management and Internal Control set out on pages 99 to 101 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS

Corporate Disclosure Policies and Procedures

The Company recognises the importance of effective and timely disclosure of corporate and material information to ensure that shareholders, investors and general public make informed assessments of the Company's business value and prospect.

All announcements for release to Bursa Securities are subject to approval by the Executive Director(s). The Group Managing Director, Executive Directors, Senior Management and Company Secretary who are privy to the information, are obliged to maintain strict confidentiality of the information.

All information made available to Bursa Securities is immediately available to shareholders and the public at large on the Investor Relations section of the Company's website: www.mgbgroup.com.my.

Leverage on Information Technology for Effective Dissemination of Information

The Board acknowledges the importance of communication with the shareholders and investors of the Group's businesses and corporate developments. The following various mean of communications were utilised as channels for sharing of substantial information with its shareholders, investors and members of the public: -

a) Annual General Meeting ("AGM")

The Company's AGM remains the principal forum for dialogue and interaction with the shareholders. The Board regards the AGM as an important channel of communication, as it serves as a forum for direct two-way interaction between the shareholders, Board and Management on the Company's strategy, operations, performance and major developments. Shareholders are given the opportunity to participate in the question and answer session during the AGM on the proposed resolutions and the Group's operations. The Chairman will provide sufficient time to shareholders' questions on matters pertaining to the Company's performance and would respond to the shareholders with regards to their concern and question raised.

The Notice and Agenda of AGM together with Form of Proxy are given to shareholders at least twenty-one (21) days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

b) Annual Report

Annual Report act as a key channel of communication with the Group's stakeholders contains comprehensive and easy to understand details of the business, financial performance, direction and other activities of the Company. These contents are continually enhanced in order that shareholders and investing public are provided with clear and accurate information and are suitably briefed on matters that are to be discussed to enable their effective participation during AGM. An online version of the Annual Report is also available at the Company's website.

PART I – COMMUNICATION WITH STAKEHOLDERS (CONT'D)

Leverage on Information Technology for Effective Dissemination of Information (Cont'd)

c) Website

The Company's website www.mgbgroup.com.my which updates periodically also provides an avenue for accessing to the latest corporate information and development of the Company easily and immediately. It houses information of the Group which includes corporate profile, on-going and completed projects, financial results and corporate news. The Company also has in place a dedicated section for corporate governance on its corporate website, which provides information such as the Board Charter, Code of Conduct, Whistle-blowing Policy, Terms of Reference for each Board Committee and Summary of the Minutes of Annual General Meeting.

Alternatively, Bursa Securities' website www.bursamalaysia.com would be another source of information to the shareholders, investors and public community on the various announcements made by the Company from time to time in addition to the Annual Report and Circular to Shareholders submitted to Bursa Securities.

d) Online Social Networking

By recognising broader communication, the Company has embarked on its social media journey by registered itself on Facebook to serve as an alternate channel of communication in view of better engagement with the shareholders, investors and other stakeholders whereby all the real time status and updates of the Company is accessible at any point of time. All the corporate news, events, ceremony and press release will be posted on the Facebook from time to time in order to keep the shareholders and investing public updated on the Group's business progress and development.

e) Senior Independent Non-Executive Director

As there may be instance where investors and shareholders may prefer to express their concern to an Independent Director, the Board has appointed Mr Chin Sui Yin, as the Senior Independent Non-Executive Director of the Company to whom the concerns pertaining to the Group may be directed.

PART II – CONDUCT OF GENERAL MEETINGS

ENCOURAGE SHAREHOLDERS PARTICIPATION AT GENERAL MEETINGS

The Company maintained an active dialogue with shareholders with the objective of giving a clearer picture of the Company's performance. At the Company's AGM, shareholders are encouraged to express their views or raise questions in relation to the Group's financial performance and business operations. Members of the Board as well as the Auditors of the Company are present to respond to questions raised at the meeting. The shareholders are given the opportunity to raise questions on the Group's activities and prospects as well as to communicate their expectations and concerns to the Company.

The Sixteenth (16th) AGM of the Company was convened and held on 5 June 2018 and the notice of AGM was issued together with Annual Report 2017 on 27 April 2018, to allow shareholders additional time to go through the Annual Report and make necessary attendance and voting arrangements. The voting at the Sixteenth (16th) AGM of the Company was conducted through electronic voting system. The voting results, which had been verified by the independent scrutineer, are contained in the summary of the minutes of the Sixteenth (16th) AGM which is available on the Company's website.

Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the MMLR of Bursa Securities, the following information is provided:

AUDIT AND NON-AUDIT FEES

During the FY2018, MGB Group paid a total of RM284,300 to the Company's Auditors, Messrs. UHY and their affiliates companies for audit and non-audit services. The details of the payments are set out below.

	COMPANY RM	GROUP RM
Audit fees	75,000	228,000
Non-audit fees	-	-
- UHY	18,500	18,500
- Affiliates of UHY	3,000	37,800
Total	96,500	284,300

MATERIAL CONTRACTS

There was no material contract (not being contracts entered into the ordinary course of business) entered into by the Company or its subsidiary companies involving the interests of the directors, chief executive officer who is not a director or major shareholders, either still subsisting at the end of the financial year end under review or which were entered into since the end of the previous financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible to ensure the Company's financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 so as to give a true and fair view of the state of affairs, the results and cash flow of the Group and of the Company during the FY 2018. The Board is also responsible for ensuring that the financial results are released to Bursa Securities within the stipulated time frame.

In preparing the financial statements, the Directors have ensured compliance with the applicable approved accounting standards and applied consistently and made judgements and estimates that are reasonable and prudent. The Directors have also confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible in ensuring the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016 and the applicable approved accounting standards. It is the Board's general responsibility for taking reasonable steps to safeguard the assets of the Group and to detect as well as prevent any fraud and other irregularities to occur.

AUDIT COMMITTEE REPORT

The report of the Audit Committee ("**Committee**") of MGB Berhad ("**MGB**" or "**Company**" or "**Group**") for the financial year ended 31 December 2018 ("**FY 2018**") is presented as follows:

A. MEMBERS AND ATTENDANCE

During the FY 2018, the Committee held five (5) meetings. The details of the membership and record of attendance of these meetings are as follows:

COMMITTEE MEMBER	NUMBER OF MEETINGS HELD DURING TENURE IN OFFICE	ATTENDANCE
Mr Chin Sui Yin * *Chairman, Senior Independent Non-Executive Director*	5	5
Dato' Abdul Majit bin Ahmad Khan *Member/Independent Non-Executive Director*	5	5
Datuk Tan Choon Hwa (a) *Member/Independent Non-Executive Director*	5	5
Dato' Beh Hang Kong (b) *Member/Independent Non-Executive Director*	-	-
Puan Nadhirah binti Abdul Karim (b) *Member/Independent Non-Executive Director*	-	-

Notes:
* Member of Malaysian Institute of Accountants
(a) Resigned with effect from 1 February 2019
(b) Appointed with effect from 1 February 2019

Nomination and Remuneration Committee had reviewed and evaluated the performance of the Committee as a whole and its members individually through an Annual Board & Board Committees Performance Evaluation. All the deliberations, recommendations and discussions were recorded in the Minutes and Performance Evaluation Sheet. The same were tabled to the Board members for deliberations at the subsequent Board meeting. The Board of Directors ("**Board**") is satisfied that the Committee has effectively performed all their functions, duties and responsibilities in accordance with its Terms of Reference.

The Committee has invited Head of Account and Finance of the Company to Audit Committee to provide clarifications on accounting and audit issues at all the meetings. The Audit Committee meetings were attended by the external auditors and internal auditors, when necessary.

B. TERMS OF REFERENCE OF AUDIT COMMITTEE

The principal functions of the Committee are to provide oversight of the financial statements in compliance with legal, regulatory requirements and applicable accounting standards and to assess the effectiveness of the system internal controls as well as internal and external audit functions.

The Terms of Reference of the Committee covers the following parts: -
1. Members;
2. Quorum;
3. Proceedings of Meeting;
4. Authority; and
5. Duties and Functions.

The Board will review the Terms of Reference of the Audit Committee when necessary to ensure they remain relevant and appropriate. The last review was made in November 2017. The full version of the Terms of Reference of the Audit Committee is published on the Company's website at www.mgbgroup.com.my.

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The summary of the activities of the Audit Committee in discharging its functions and duties during the year under review are as follows: -

1. Financial Reporting:

- Reviewed the unaudited quarterly results of the Group in respect of FY 2018 prior to recommending the same to the Board for approval and release to Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The review included discussions on the Group's overall performance for the quarter and material changes in the quarter results compared with the immediate preceding quarter and previous period's corresponding quarter.
- Reviewed with the External Auditors, the audited financial statements of the Group for the year ended 31 December 2017 including the audit report, issues and reservations arising from statutory audit prior to recommending the same to the Board for approval.
- Reviewed the unaudited quarter financial results, audited financial statements and announcements of the Company, amongst others, any changes in accounting policies and practices, significant adjustments arising from the audit, major judgement areas, significant and unusual events, the going concern assumption and compliance with accounting standards and other legal requirements for the Board's approval before releasing to Bursa Securities.
- Reviewed the impact of any changes to the accounting standards and adoption of new accounting Standards on the Group's Financial Statements.

2. External Audit:

- Reviewed the External Auditors' scope of work and annual audit plan of the Group and the Company for the FY 2018 inclusive of audit approach, areas of audit emphasis, timeline for reporting and deliverables and audit fees prior to the commencement of the annual audit.
- Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the external auditors with the presence of management and the executive board members.
- Assessed and evaluated the performance, independence and suitability of the external auditors for the re-appointment of Auditors to conduct the statutory audit of the Group and made recommendation to the Board with respect to their appointment and fees. The assessment was undertaken with written assurance from the External Auditors of their independence including policies and measures used to control their work quality.
- Reviewed the audit and non-audit fees of the external auditors for the financial year ended 31 December 2017.

3. Internal Audit:

- Reviewed and approved the outsourced internal auditors' scope of work, Internal Audit Plan and its scope of work proposed by the Internal Auditors for the FY 2018 and 2019.
- Reviewed the audit activities carried out by the Internal Auditors on areas encompassing Project Management and Safety, Health & Environment and their relevant risks and audit findings and ensure corrective actions were taken in addressing the risk issues reported.
- Monitored the implementation of mitigation actions by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.

4. Risk Management:

- Reviewed the Risk Register to ensure that all major risks are well managed and reported to the Board.
- Reviewed the Risk Assessment Report on investments of the Group for the year 2018.

5. Related Party Transactions:

- Reviewed the procedures of the proposed renewal of general mandate for recurrent related party transactions ("**RRPTs**") of a revenue or trading nature to ensure adequacy, appropriateness and compliance procedures are established to monitor the RRPTs.

6. Other Matter:

- Reviewed the Company's Audit Committee Report and Statement on Risk Management and Internal Control before recommending the same to the Board for inclusion in the Company's Annual Report for 2017.
- Reported to the Board on significant issues and concerns discussed at the Committee's meetings together with the appropriate recommendations.

D. INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to GovernanceAdvisory.com Sdn Bhd ("**GASB**"), an established external professional Internal Audit firm, which reports to the Audit Committee directly and assists the Audit Committee in reviewing the effectiveness of the internal control systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations.

The internal audit function for MGB consists of 4 audit executives of GASB and led by Mr Jason Tee, an experienced internal auditor, has been with GASB for approximately 8 years, having joined in year 2011. Mr Jason Tee is an Associate Member of the Institute of Internal Auditors, Malaysia (IIAM). He has more than 12 years' professional experience in providing risk management system and internal controls review service.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on high risk area to ensure that an adequate action plan has in place to improve the controls in place.

During the financial year under review, the Internal Auditors carried out internal audit review on the Safety, Health & Environment and Recurrent Related Party Transaction/Related Party Transaction of the Group and the objectives of the said review are listed as follows: -

Safety, Health & Environment

- To ensure compliance with the Occupational, Safety and Health Act 1994 (OSHA Act).
- To determine the adequacy of established process and/or controls over safety and health measures.
- To ensure sufficient safety, health and environment awareness program and training provided to workers.
- To assess if safety equipment provided are sufficient, and periodically inspected of its conditions and properly maintained.
- To assess if periodic inspection is performed by Developer to ensure Sub-Contractors are in compliance with the relevant safety requirement at all times.
- To assess if non-conformance/accident is timely reported to the relevant authority and management respectively.
- To assess the implementation of corrective action whether effectively (deemed) and timely carry out.
- To assess the adequacy of insurance coverage for all risks during construction period.

Recurrent Related Party Transaction / Related Party Transaction ("RRPT/RPT")

- To ensure compliance with listing requirements of Bursa Securities on timely disclosure of RRPT/RPT (without shareholders' mandate).
- To ensure RRPT(s) amount transacted are continuously monitored against the shareholders' mandated amount; and reported to the management/Board of Directors.
- To ensure RRPT/RPT(s) transacted are supported with the relevant supporting documents.
- To ensure RRPT/RPT(s) transacted are in accordance with the company's policies and procedures.
- To ensure RRPT/RPT entered into on an arm's length basis, and on normal commercial terms consistent with Group's operating policies.
- To ensure that these terms should not be more favourable than those obtained from related parties/person connected or the public and are not detrimental to the interests of minority shareholders.
- To review disclosure policy in place to ensure all party related/connected are disclosed in timely manner (i.e. director/employee/supplier declaration).

On half yearly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement. A follow-up on previous internal audit reviews were carried out. This is to ensure that all the agreed recommendations are implemented according to the timeline and that the Committee obtains feedback/ update on the implementation status.

The costs incurred for the internal audit function in respect of the financial year is approximately RM28,500.00.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) and the Practice Note No. 9 of Bursa Malaysia Securities Berhad's Listing Requirements and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers", the Board of Directors ("**Board**") is committed to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Company's assets. The Board of MGB Berhad ("**MGB**" or "**Company**" or "**Group**") is pleased to present the below mentioned statement for the financial year ended 31 December 2018.

BOARD RESPONSIBILITY

The Board assumes overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. The Group's internal control system and risk management system covers governance, financial, strategy, organisational, operational, management information systems and compliance with existing laws, regulations, rules, directives and guidelines. The Board ensures that appropriate policies on risk management and internal control are set and seeks regular assurance that the system is functioning adequately and that integrity is maintained. The Board also confirms that necessary actions have been or are being taken to remedy any significant failings and weakness identified from the review.

The Board recognises that such a system of internal controls has its inherent limitations as it is designed to manage, rather than to eliminate risks that are not adhering to the Group's business objectives and goals. Accordingly, the system can only provide reasonable assurance, and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to GovernanceAdvisory.com Sdn Bhd, an established external professional internal audit firm. The Internal Auditors supports the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal control.

The internal audit plan which reflects the identified risks was reviewed and approved by the Audit Committee. During the financial year ended 31 December 2018, internal audit visits were carried out based on the approved audit plan, among the key coverages included Safety, Health & Environment and Recurrent Related Party Transaction / Related Party Transaction. The findings of the internal audit, including the recommended corrective actions, were presented directly to the Audit Committee.

All reports from the internal audit reviews carried out were submitted and presented to the Audit Committee with the feedback and agreed corrective actions to be undertaken by the Management. Subsequently, the progress of these corrective actions was verified by internal auditors in the agreed timeline and submitted to the Audit Committee. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report and not expected to have any material impact to the financial statements of the Group.

In assessing the adequacy and effectiveness of the system of internal control and functional control procedures of the Group, the Audit Committee reports to the Board on its activities, audit results or findings and the necessary recommendations or actions needed to be taken by the Management, if any.

In performing the internal audit review, the Internal Auditors refer to and are guided by The International Professional Practices Framework (IPPF) that includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

RISK FRAMEWORK

Risk Management and internal controls are treated as an integral part of overall management process. Oversight of the Risk Management framework were carried out by, among others, various Head of Departments ("**HODs**"), Risk Management Department, Risk Management Committee, Board and Board Committees. There are four crucial components of risk management framework, which include: -

- Risk Identification;
- Risk Evaluation;
- Risk Mitigation; and
- Risk Reporting and Monitoring.

MAIN FEATURES OF RISK MANAGEMENT FRAMEWORK

Risk Management Committee ("**RMC**") is to maintain and mitigate the risks oversight within the Group.

The risk management framework outlines the Group's risk management system, defines management's responsibilities, and sets the Group's risk appetite and risk tolerance. The framework is incorporated into the risk policy and guideline document that has been approved by the Board.

Risk Identification

Risk assessments are undertaken by Risk Management Department together with each of the HODs to identify and update risks profile in terms of likelihood of exposures and impact on the Group's business and the management action plans to manage these risks on a continuing basis.

Risk Evaluation

During the financial year, the Risk Management Committee meets to deliberate on the significant risks profiles identified by each of the HODs in the Group. Matters deliberated include the revised risk profiles, control procedures and status of management action plans.

Risk Management

The significant risk issues evaluated by the Risk Management Committee are discussed at Audit Committee meetings. The Audit Committee reviews the Group's risks profile and effectiveness of the mitigating measures or management action plans that implemented by management and reports to the Board.

KEY ELEMENTS AND PROCESSES OF INTERNAL CONTROLS

Other key elements and processes of the Group's system of internal control are:

- Internal Auditors, which reports to the Audit Committee, performed regular reviews of business processes to assess the effectiveness of internal controls. Internal audits were carried out to review the adequacy of the internal control systems, compliance with policies and procedures. The work of the internal auditors is in accordance with audit plans approved by the Audit Committee and revised as and when deemed appropriate.

- Operational structure with defined lines of responsibilities and delegation of authority. A process of hierarchical reporting has been established that is documented and provides auditable trails to ensure accountability.

- The operational policies and procedures are periodically reviewed and updated if any to ensure effective management of the Group's operations.

- The Audit Committee periodically reviews and deliberate on findings and recommendations for improvement by the internal auditors on the state of the internal control system, and reports to the Board.

- The Audit Committee and the Board monitor and review the Group performance and financial results at their quarterly meetings; and

- Monthly Management meeting together with the management of holding company and other relevant meetings are held periodically to deliberate and discuss on operational issues that are in-progress or outstanding.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

In accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed issuers, the Board has received assurance from the Group Managing Director and the Chief Executive Officer that the Group's risk management and internal control is operating adequately and effectively in all aspects. It is therefore of the view that risk management and internal control system is satisfactory and no material internal control failures nor have any reported major weaknesses resulted during the financial year.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

The Board is satisfied that the present Risk Management and Internal Controls available is overall satisfactory, adequate and effective for the Group's business. The Board however recognises the ever changing dynamic business environment, and hence will endeavor to continue improving, and enhancing the existing system of risk management and internal controls to ensure their continued relevance.

This statement was approved by the Board on 8 April 2019.

RECURRENT RELATED PARTY TRANSACTIONS

The details of Recurrent Related Party Transactions of the Company entered into during the financial year ended 31 December 2018 pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad were as follows: -

RELATED PARTY	NATURE OF RECURRENT TRANSACTIONS	VALUE OF TRANSACTIONS	NATURE OF RELATIONSHIP BETWEEN MGB GROUP AND THE RELATED PARTY
LBS Bina Group Berhad's ("**LBGB**") group of companies	• Provision and/or receipt of contracts in relation to construction works and property development. • Provision and/or receipt of services in relation to project management, project consultancy and property management. • Supply and/or purchase of construction and building materials.	RM518.51 million	• LBS Bina Group Berhad ("**LBGB**") is a major shareholder of MGB with a shareholding of 59.69% as at 31 December 2018. • Tan Sri Lim Hock San is the Group Managing Director of both MGB and LBGB, and a major shareholder of LBGB. • Datuk Wira Lim Hock Guan is an Executive Director of both MGB and LBGB, and a major shareholder of LBGB. • Lim Kim Hoe is a son of Tan Sri Lim Hock San. He is also an Executive Director of MGB.

Financial Statements

DIRECTORS' REPORT

31 DECEMBER 2018

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	30,409,457	452,260
Attributable to:		
Owners of the parent	32,188,078	
Non-controlling interests	(1,778,621)	
	30,409,457	

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from 491,845,773 to 496,886,552 by way of conversion of 5,040,779 Warrants 2014/2019 into 5,040,779 new ordinary shares at an exercise price of RM0.50 per warrant for a total cash consideration of RM2,520,390.

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

There was no issuance of debentures during the financial year.

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

As at 31 December 2018, the total number of ICPS in issue is 90,000,000 shares.

The salient terms of ICPS are disclosed in Note 20 to the financial statements.

WARRANTS

The Warrants 2014/2019 were constituted under the Deed Poll dated 22 July 2014.

As at 31 December 2018, the total number of warrants that remained unexercised were 5,257,642.

The salient terms of the warrants are disclosed in Note 21(b) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors of the Company in office since the beginning of the current financial year until the date of this report are:

Dato' Abdul Majit Bin Ahmad Khan, DIMP	
Tan Sri Lim Hock San, PSM, SSAP, DSSA, JP *	
Datuk Wira Lim Hock Guan, DCSM, DMSM, PJK, JP *	
Datuk Lim Lit Chek, DPSM*	
Lim Kim Hoe *	
Chin Sui Yin	
Dato' Beh Hang Kong, DSIS	
Nadhirah Binti Abdul Karim	(appointed on 01 February 2019)
Datuk Tan Choon Hwa, JMK, JP	(resigned on 01 February 2019)

* Director of the Company and its subsidiary companies

DIRECTORS (CONT'D)

The Director who held office in the subsidiary companies (excluding the Directors who are also the Directors of the Company) since the beginning of the current financial year until the date of this report are:

Wong Yuen Meng
Chang Bar Kuei
Fu JianGuo

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at the end of the financial year (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 01.01.2018	**Bought**	**Sold**	**At 31.12.2018**
The Company				
Direct interests				
Tan Sri Lim Hock San	1,718,300	400,000	1,718,300	400,000
Datuk Wira Lim Hock Guan	-	1,520,000	-	1,520,000
Datuk Lim Lit Chek	60,440,298	1,454,400	-	61,894,698
Dato' Beh Hang Kong	2,073,204	428,300	467,500	2,034,004
Indirect interests				
Tan Sri Lim Hock San[1]	270,383,215	29,187,700	-	299,570,915
Datuk Wira Lim Hock Guan[1]	270,383,215	29,187,700	-	299,570,915
Datuk Lim Lit Chek[2]	-	61,500	-	61,500

FINANCIAL STATEMENTS

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares			
	At 01.01.2018	Bought	Sold	At 31.12.2018
LBS Bina Group Berhad				
Direct interests				
Tan Sri Lim Hock San	5,582,900	22,515,659	-	28,098,559
Datuk Wira Lim Hock Guan	10,872,360	15,438,751	-	26,311,111
Indirect interest				
Tan Sri Lim Hock San[3]	289,955,106	349,207,226	-	639,162,332
Datuk Wira Lim Hock Guan[3]	288,818,106	348,280,076	-	637,098,182
Gaterich Sdn. Bhd.				
Direct interests				
Tan Sri Lim Hock San	2,500,000	-	-	2,500,000
Datuk Wira Lim Hock Guan	1,000,000	-	-	1,000,000

	Number of ICPS 2016/2021			
	At 01.01.2018	Bought	Converted	At 31.12.2018
The Company				
Direct interests				
Datuk Lim Lit Chek	22,500,000	-	-	22,500,000
Indirect interests				
Tan Sri Lim Hock San[1]	67,500,000	-	-	67,500,000
Datuk Wira Lim Hock Guan[1]	67,500,000	-	-	67,500,000

	Number of Redeemable Convertible Preference Shares			
	At 01.01.2018	Bought	Exercised	At 31.12.2018
LBS Bina Group Berhad				
Direct interests				
Tan Sri Lim Hock San	1,761,640	-	1,761,640	-
Datuk Wira Lim Hock Guan	2,174,472	-	2,174,472	-
Indirect interests				
Tan Sri Lim Hock San[3]	59,320,620	-	29,197,600	30,123,020
Datuk Wira Lim Hock Guan[3]	59,162,620	-	29,197,600	29,965,020

DIRECTORS' INTERESTS (CONT'D)

	Number of Warrants 2014/2019			
	At 01.01.2018	**Bought**	**Sold/Exercised**	**At 31.12.2018**
The Company				
Direct interests				
Datuk Wira Lim Hock Guan	1,520,000	-	1,520,000	-
Indirect interests				
Tan Sri Lim Hock San[1]	5,514	-	-	5,514
Datuk Wira Lim Hock Guan[1]	5,514	-	-	5,514

	Number of Warrants B			
	At 01.01.2018	**Bought**	**Sold/Exercised**	**At 31.12.2018**
LBS Bina Group Berhad				
Direct interests				
Tan Sri Lim Hock San	4,985,625	-	4,985,625	-
Datuk Wira Lim Hock Guan	1,967,090	2,360,508	-	4,327,598
Indirect interests				
Tan Sri Lim Hock San[3]	16,236,964	19,484,356	-	35,721,320
Datuk Wira Lim Hock Guan[3]	16,359,789	19,375,246	213,750	35,521,285

Notes:

1) *Deemed interest pursuant to Section 8 of the Companies Act, 2016, by virtue of the shareholdings in LBS Bina Group Berhad through Gaterich Sdn. Bhd.*
2) *Deemed interest pursuant to Section 59(11)(c) of the Companies Act, 2016 by virtue of his spouse's and/or child's direct interests in MGB Berhad.*
3) *Deemed interest pursuant to Section 59(11)(c) of the Companies Act, 2016 by virtue of his spouse's and/or child's direct interests in LBS Bina Group Berhad and Section 8 of the Companies Act, 2016 by virtue of his interests in Gaterich Sdn. Bhd.*

By virtue of their interests in the shares of the Company, Tan Sri Lim Hock San and Datuk Wira Lim Hock Guan are also deemed to have interest in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company or of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 35(c) to the financial statements) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 35(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the warrants.

INDEMNITY AND INSURANCE COSTS

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the immediate holding company, LBS Bina Group Berhad with total coverage of RM20,000,000 and premium of RM30,000 has been paid during the financial year.

No indemnity was given to or insurance effected for auditors of the Company.

OTHER STATUTORY INFORMATION

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

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

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

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

   (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of Directors:

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

(ii) the result of the operations 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

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

SIGNIFICANT EVENTS

The significant events are disclosed in Note 39 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard Gaterich Sdn. Bhd., a private limited liability company, incorporated in Malaysia, as ultimate holding company.

IMMEDIATE HOLDING COMPANY

The Directors regard LBS Bina Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad, as immediate holding company.

SUBSIDIARY COMPANIES

The details of subsidiary companies are disclosed in Note 8 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 29 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 8 April 2019.

Signed on behalf of the Board of Directors:

DATUK LIM LIT CHEK

LIM KIM HOE

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 117 to 214 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

This report was approved by the Board of Directors on 8 April 2019.

Signed on behalf of the Board of Directors:

DATUK LIM LIT CHEK

LIM KIM HOE

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Datuk Lim Lit Chek, being the Director primarily responsible for the financial management of MGB Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 117 to 214 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the	)	
abovenamed at Kuala Lumpur in the Federal	)	
Territory on 8 April 2019	)	**DATUK LIM LIT CHEK**

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MGB BERHAD

(COMPANY NO.: 589167-W)
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of MGB Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 117 to 214.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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
1. Revenue and cost recognition for construction and property development activities	
The Group and the Company are involved in construction and property development activities which span more than one accounting period. The revenue from construction and property development activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The Group uses the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligation. We identified revenue, construction and property development costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction and property development costs. Key management judgements include: • estimating the budgeted costs to complete each project; • the future profitability of each project; and • the percentage of completion at the end of the reporting period. Changes in these judgements could lead to a material change in the value of revenue recognised.	We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers*. We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and potential impairment losses. In relation to construction and property development revenue or costs, we, amongst others and where applicable, agreed this to original signed contracts, letter of awards and approved variation orders. We evaluated the project progress and recovery of cost to supporting evidences include but not limited to verifying third party surveyors' certificates, progress report and interviews with project team. In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to sub-contractors' contracts. We verified the construction and property development costs incurred to date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date. We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers*.
2. Goodwill impairment review	
The Group has significant goodwill allocated to the construction cash generating units ("CGUs"). Goodwill shall be tested for impairment annually in accordance to MFRS 136 *Impairment of Assets*. The estimation of recoverable amount is complex and significant judgement is required for estimates, specifically cashflows projections, discount rates and short term growth rates. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is the key judgemental area that our audit was concentrated.	We assessed the reasonableness of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to approved budgets and comparing expected growth rates to relevant market expectations. We performed sensitivity analysis on the key inputs (including discount rates and long term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying amount of the goodwill at the end of the reporting period. We tested the discount rates assigned to the cash generating units, as well as the long-term growth rates, with reference to our understanding of the business, comparisons to other similar companies, economic and industry forecasts where appropriate. We considered evidence available to support the discount rates used, and consistency with findings from other areas of the audit. We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

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

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

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.

UHY
Firm Number: AF 1411
Chartered Accountants

DATUK TEE GUAN PIAN
Approved Number: 01886/05/2020 J
Chartered Accountant

KUALA LUMPUR
8 April 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM Restated	Group 01.01.2017 RM Restated
Assets				
Non-Current Assets				
Property, plant and equipment	4	107,477,136	49,450,872	39,508,691
Intangible assets	5	3,986,979	4,331,021	8,057,146
Investment properties	6	58,542,931	59,787,427	60,437,424
Capital work-in-progress	7	1,300,410	1,300,410	1,589,811
Investment in associates	9	95,582	-	34,315
Goodwill on consolidation	10	254,694,909	253,690,382	253,690,382
		426,097,947	368,560,112	363,317,769
Current Assets				
Inventories	11	57,618,386	54,138,064	3,048,027
Contract assets	12	120,442,523	56,201,135	9,149,347
Trade receivables	13	165,470,053	93,484,964	69,732,293
Other receivables	14	16,596,800	31,480,223	18,569,960
Amount due from related companies	16	234,857,923	186,875,165	164,218,630
Amount due from an associate	17	40,000	-	-
Tax recoverable		3,022,409	1,804,964	26,361
Fixed deposits with licensed banks	18	2,361,330	4,332,750	1,995,056
Cash held under Housing Development Accounts	19	682,760	61,724	-
Cash and bank balances	19	14,998,536	19,692,802	7,475,465
		616,090,720	448,071,791	274,215,139
Total Assets		1,042,188,667	816,631,903	637,532,908

		Group		
	Note	31.12.2018 RM	31.12.2017 RM Restated	01.01.2017 RM Restated
Equity and Liabilities				
Equity				
Share capital	20	385,802,680	383,282,290	268,697,797
Reserves	21	5,273,139	5,932,887	83,852,978
Retained earnings / (Accumulated losses)		51,456,300	18,608,474	(17,475,319)
Equity attributable to owners of the parent		442,532,119	407,823,651	335,075,456
Non-controlling interests		609,118	2,387,739	(2,141)
Total Equity		443,141,237	410,211,390	335,073,315
Non-Current Liabilities				
Trade payables	22	-	12,738,499	-
Loans and borrowings	23	92,764,697	85,011,161	30,628,609
Deferred tax liabilities	24	3,626,009	2,265,303	2,756,763
		96,390,706	100,014,963	33,385,372
Current Liabilities				
Contract liabilities	12	24,458,009	38,843,746	43,472,289
Trade payables	22	280,242,015	211,790,278	163,456,487
Other payables	25	38,785,665	14,490,082	16,867,086
Amount due to related companies	16	18,250,646	16,387,706	37,028,631
Loans and borrowings	23	138,874,367	21,404,820	8,178,742
Tax payable		2,046,022	3,488,918	70,986
		502,656,724	306,405,550	269,074,221
Total Liabilities		599,047,430	406,420,513	302,459,593
Total Equity and Liabilities		1,042,188,667	816,631,903	637,532,908

		Company		
		31.12.2018	31.12.2017	01.01.2017
	Note	RM	RM	RM
Assets				
Non-Current Assets				
Property, plant and equipment	4	270,602	456,981	403,318
Investment in subsidiary companies	8	300,000,000	300,000,055	300,000,004
		300,270,602	300,457,036	300,403,322
Current Assets				
Other receivables	14	351,102	303,092	298,435
Amount due from subsidiary companies	15	64,444,553	42,655,520	8,528,013
Amount due from related companies	16	-	-	5,238
Tax recoverable		367,847	549,699	-
Cash and bank balances	19	261,456	3,618,211	1,119,487
		65,424,958	47,126,522	9,951,173
Total Assets		365,695,560	347,583,558	310,354,495
Equity and Liabilities				
Equity				
Share capital	20	385,802,680	383,282,290	268,697,797
Reserves	21	525,764	1,029,842	78,794,263
Accumulated losses		(42,700,661)	(43,656,999)	(45,532,273)
Total Equity		343,627,783	340,655,133	301,959,787
Current Liabilities				
Other payables	25	680,195	425,671	2,005,320
Amount due to subsidiary companies	15	6,387,582	6,502,754	6,389,388
Loans and borrowings	23	15,000,000	-	-
		22,067,777	6,928,425	8,394,708
Total Equity and Liabilities		365,695,560	347,583,558	310,354,495

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM Restated	2018 RM	2017 RM
Revenue	26	751,271,338	692,643,781	-	-
Cost of sales	27	(654,638,956)	(606,316,357)	-	-
Gross profit		96,632,382	86,327,424	-	-
Other income		2,436,636	2,610,503	3,407,109	2,430,890
Administrative expenses		(46,203,044)	(35,475,822)	(1,383,519)	(1,809,308)
Net (loss)/gain on impairment of financial assets		(332,657)	58,884	(182,974)	-
Other operating expenses		(953,707)	-	-	-
Finance costs	28	(5,811,302)	(3,402,138)	(892,825)	-
Share of profit of associates, net of tax		80,582	-	-	-
Profit before tax	29	45,848,890	50,118,851	947,791	621,582
Taxation	30	(15,439,433)	(15,627,897)	(495,531)	(391,326)
Profit for the financial year, representing total comprehensive income for the financial year		30,409,457	34,490,954	452,260	230,256
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		32,188,078	34,283,105		
Non-controlling interests		(1,778,621)	207,849		
		30,409,457	34,490,954		
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the parent		32,188,078	34,283,105		
Non-controlling interests		(1,778,621)	207,849		
		30,409,457	34,490,954		
Earnings per share					
Basic earnings per share (sen)	31(a)	6.49	9.01		
Diluted earnings per share (sen)	31(b)	5.47	7.19		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital RM	Share Premium RM	ICPS RM	Warrant Reserves RM	Asset Revaluation Reserve RM	(Accumulated (Losses)/ Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
		Attributable to owners of the parent								
		Non-Distributable								
Group										
At 1 January 2017										
- as previously reported		178,697,797	76,119,403	90,000,000	2,674,860	5,058,715	(16,788,262)	335,762,513	(2,141)	335,760,372
- effect of completion of purchase of price allocation		-	-	-	-	-	(261,222)	(261,222)	-	(261,222)
- effect of adoption of MFRS 9	2(a)(v)	-	-	-	-	-	(425,835)	(425,835)	-	(425,835)
At 1 January 2017 (restated)		178,697,797	76,119,403	90,000,000	2,674,860	5,058,715	(17,475,319)	335,075,456	(2,141)	335,073,315
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	34,283,105	34,283,105	207,849	34,490,954
Changes in non-controlling interests arising from acquisition of subsidiary companies		-	-	-	-	-	-	-	2,182,031	2,182,031
Realisation of asset revaluation reserve	21(c)	-	-	-	-	(155,670)	155,670	-	-	-
Transactions with owners										
Issuance of ordinary shares pursuant to:										
- private placement	20	30,240,000	-	-	-	-	-	30,240,000	-	30,240,000
- exercise of warrants	20	8,225,090	-	-	-	-	-	8,225,090	-	8,225,090
- conversion of ICPS	20	60,300,000	-	(60,300,000)	-	-	-	-	-	-
Realisation of warrant reserves	21(b)	-	-	-	(1,645,018)	-	1,645,018	-	-	-
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime	21(a)	45,519,403	(76,119,403)	30,600,000	-	-	-	-	-	-
Total transactions with owners		144,284,493	(76,119,403)	(29,700,000)	(1,645,018)	-	1,645,018	38,465,090	-	38,465,090
At 31 December 2017 (Restated)		322,982,290	-	60,300,000	1,029,842	4,903,045	18,608,474	407,823,651	2,387,739	410,211,390

		Attributable to owners of the parent							
		Non-Distributable							
	Note	Share Capital RM	ICPS RM	Warrant Reserves RM	Asset Revaluation Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group									
At 1 January 2018 (restated)		322,982,290	60,300,000	1,029,842	4,903,045	18,608,474	407,823,651	2,387,739	410,211,390
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	32,188,078	32,188,078	(1,778,621)	30,409,457
Realisation of asset revaluation reserve	21(c)	-	-	-	(155,670)	155,670	-	-	-
Transactions with owners									
Issuance of ordinary shares pursuant to:									
- exercise of warrants	20	2,520,390	-	-	-	-	2,520,390	-	2,520,390
Realisation of warrant reserves	21(b)	-	-	(504,078)	-	504,078	-	-	-
Total transactions with owners		2,520,390	-	(504,078)	-	504,078	2,520,390	-	2,520,390
At 31 December 2018		325,502,680	60,300,000	525,764	4,747,375	51,456,300	442,532,119	609,118	443,141,237

		Non-Distributable					
	Note	Share Capital RM	ICPS RM	Share Premium RM	Warrant Reserves RM	Accumulated Losses RM	Total Equity RM
Company							
At 1 January 2017		178,697,797	90,000,000	76,119,403	2,674,860	(45,532,273)	301,959,787
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	230,256	230,256
Transactions with owners							
Issuance of ordinary shares pursuant to:							
- private placement	20	30,240,000	-	-	-	-	30,240,000
- exercise of warrants	20	8,225,090	-	-	-	-	8,225,090
- conversion of ICPS	20	60,300,000	(60,300,000)	-	-	-	-
Realisation of warrants reserves	21(b)	-	-	-	(1,645,018)	1,645,018	-
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime	21(a)	45,519,403	30,600,000	(76,119,403)	-	-	-
Total transactions with owners		144,284,493	(29,700,000)	(76,119,403)	(1,645,018)	1,645,018	38,465,090
At 31 December 2017		322,982,290	60,300,000	-	1,029,842	(43,656,999)	340,655,133

		Non-Distributable				
	Note	**Share Capital RM**	**ICPS RM**	**Warrant Reserves RM**	**Accumulated Losses RM**	**Total Equity RM**
Company						
At 1 January 2018		322,982,290	60,300,000	1,029,842	(43,656,999)	340,655,133
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	452,260	452,260
Transactions with owners						
Issuance of ordinary shares pursuant to:						
- exercise of warrants	20	2,520,390	-	-	-	2,520,390
Realisation of warrants reserves	21(b)	-	-	(504,078)	504,078	-
Total transactions with owners		2,520,390	-	(504,078)	504,078	2,520,390
At 31 December 2018		325,502,680	60,300,000	525,764	(42,700,661)	343,627,783

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM Restated	Company 2018 RM	Company 2017 RM
Cash flows from operating activities					
Profit before tax		45,848,890	50,118,851	947,791	621,582
Adjustments for:					
Amortisation of intangible assets		2,677,035	3,726,125	-	-
Depreciation of:					
- property, plant and equipment		7,587,366	4,020,017	106,138	102,611
- investment properties		1,244,496	1,231,497	-	-
Goodwill written off	8(b)	-	3,142	-	-
Impairment losses on:					
- investment in subsidiary companies		-	-	55	-
- investment in an associate		-	34,315	-	-
- trade receivables		101,970	7,158	-	-
- other receivables		164,005	96,704	-	-
- amount due from subsidiary companies		-	-	478,256	-
- amount due from related companies		69,427	9,992	-	-
Inventories written off		-	48,027	-	-
Property, plant and equipment written off		380,277	21,975	60,241	2,831
Gain on disposal of:					
- property, plant and equipment		(23,421)	(193,778)	(110)	-
- subsidiary company	8(c)	(1,520,970)	-	-	-
Reversal of impairment losses on:					
- trade receivables		(618)	(166,586)	-	-
- amount due from subsidiary companies		-	-	(295,282)	-
- amount due from related companies		(2,127)	(6,152)	-	-
Gain on unrealised foreign exchange		(129,232)	-	-	-
Interest income		(125,402)	(198,486)	(11,123)	(75,755)
Finance costs		5,811,302	3,402,138	-	-
Share of profit of associates		(80,582)	-	-	-
Operating profit before working capital changes		62,002,416	62,154,939	1,285,966	651,269
Changes in working capital:					
Inventories		16,186,685	(51,138,064)	-	-
Receivables		(53,819,540)	(36,600,210)	(48,010)	(4,657)
Payables		60,311,380	58,689,128	274,524	(1,579,649)
Contract assets and contract liabilities		(78,627,125)	(51,680,331)	-	-
Subsidiary companies		-	-	(22,087,179)	(34,014,141)
Related companies		(46,187,118)	(43,593,399)	-	5,238
Associate		(40,000)	-	-	-
		(102,175,718)	(124,322,876)	(21,860,665)	(35,593,209)
Cash used in operations		(40,173,302)	(62,167,937)	(20,574,699)	(34,941,940)
Interest paid		(5,811,302)	(3,402,138)	-	-
Interest income		125,402	198,486	11,123	75,755
Tax paid		(17,298,986)	(14,480,030)	(313,679)	(941,025)
		(22,984,886)	(17,683,682)	(302,556)	(865,270)
Net cash used in operating activities		(63,158,188)	(79,851,619)	(20,877,255)	(35,807,210)

	Note	Group 2018 RM	Group 2017 RM Restated	Company 2018 RM	Company 2017 RM
Cash flows from investing activities					
Investment in a subsidiary company		-	-	-	(51)
Investment in an associate		(15,000)	-	-	-
Net cash (outflow)/inflow from acquisition of subsidiary companies	8(b)	(2,771,165)	2,185,050	-	-
Net cash inflow from disposal of a subsidiary company	8(c)	2	-	-	-
Purchase of property, plant and equipment	4(c)	(30,705,396)	(7,495,461)	-	(159,105)
Proceeds from disposal of property, plant and equipment		23,429	272,055	110	-
Net cash (used in)/from investing activities		(33,468,130)	(5,038,356)	110	(159,156)
Cash flows from financing activities					
Decreased/ (Increased) of fixed deposits pledged		1,971,420	(2,337,694)	-	-
Increased of cash and bank balances pledged		-	(722,502)	-	-
Drawdown of bank borrowings		111,147,454	59,245,230	15,000,000	-
Repayment of finance lease liabilities		(4,634,604)	(1,759,400)	-	-
Repayment of term loans		(18,670,945)	(4,728,050)	-	-
Proceeds from issuance of ordinary shares arising from conversion of warrants	20	2,520,390	8,225,090	2,520,390	8,225,090
Proceeds from issuance of ordinary shares arising from private placement	20	-	30,240,000	-	30,240,000
Net cash from financing activities		92,333,715	88,162,674	17,520,390	38,465,090
Net (decrease)/increase in cash and cash equivalents		(4,292,603)	3,272,699	(3,356,755)	2,498,724
Cash and cash equivalents at the beginning of the financial year		5,470,420	2,197,721	3,618,211	1,119,487
Cash and cash equivalents at the end of the financial year		1,177,817	5,470,420	261,456	3,618,211
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		14,998,536	19,692,802	261,456	3,618,211
Cash held under Housing Development Accounts		682,760	61,724	-	-
Fixed deposits with licensed banks		2,361,330	4,332,750	-	-
Bank overdrafts		(13,780,977)	(13,561,604)	-	-
		4,261,649	10,525,672	261,456	3,618,211
Less: Fixed deposits pledged with licensed banks		(2,361,330)	(4,332,750)	-	-
Cash and bank balances pledged with a licensed bank		(722,502)	(722,502)	-	-
		1,177,817	5,470,420	261,456	3,618,211

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at H-G, Sunway PJ@51A, Jalan SS 9A/19, 47300 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at I-6, Sunway PJ@51A, Jalan SS 9A/19, 47300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company consist of provision of management services and investment holding. The principal activities of the subsidiary companies are disclosed in Note 8. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The ultimate holding company is Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The immediate holding company is LBS Bina Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property

Annual Improvements to MFRSs 2014 - 2016 Cycle:
- Amendments to MFRS 1
- Amendments to MFRS 128

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for:

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected to restate the comparative periods in the financial year of initial adoption.

(i) Classification of financial assets and liabilities

Financial assets

MFRS 9 contains three (3) principal classification categories for financial assets:

(i) measured at amortised cost ("AC");
(ii) fair value through other comprehensive income ("FVTOCI"); and
(iii) fair value through profit or loss ("FVTPL").

The standard replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

Financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and to the Company.

(ii) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(iii) Effect of changes in classification and measurement of financial assets are as follows:

	As at 31.12.2017 RM	Remeasurement RM	MFRS 9 measurement category - Amortised cost RM
MFRS 139 measurement category			
Group			
Financial assets			
Loans and receivables			
Trade receivables	93,682,757	(197,793)	93,484,964
Other receivables which are financial assets	26,623,382	-	26,623,382
Amount due from related companies	186,947,619	(72,454)	186,875,165
Fixed deposits with licensed banks	4,332,750	-	4,332,750
Cash held under Housing Development Accounts	61,724	-	61,724
Cash and bank balances	19,692,802	-	19,692,802
	331,341,034	(270,247)	331,070,787

	As at 01.01.2017 RM	Remeasurement RM	MFRS 9 measurement category - Amortised cost RM
MFRS 139 measurement category			
Group			
Financial assets			
Loans and receivables			
Trade receivables	70,089,514	(357,221)	69,732,293
Other receivables which are financial assets	17,776,464	-	17,776,464
Amount due from related companies	164,287,244	(68,614)	164,218,630
Fixed deposits with licensed banks	1,995,056	-	1,995,056
Cash and bank balances	7,475,465	-	7,475,465
	261,623,743	(425,835)	261,197,908

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(iii) Effect of changes in classification and measurement of financial assets are as follows: (Cont'd)

	As at 31.12.2017 RM	Remeasurement RM	MFRS 9 measurement category - Amortised cost RM
MFRS 139 measurement category			
Company			
Financial assets			
Loans and receivables			
Other receivables which are financial assets	58,240	-	58,240
Amount due from subsidiary companies	42,655,520	-	42,655,520
Cash and bank balances	3,618,211	-	3,618,211
	46,331,971	-	46,331,971

	As at 01.01.2017 RM	Remeasurement RM	MFRS 9 measurement category - Amortised cost RM
MFRS 139 measurement category			
Company			
Financial assets			
Loans and receivables			
Other receivables which are financial assets	119,259	-	119,259
Amount due from subsidiary companies	8,528,013	-	8,528,013
Amount due from related companies	5,238	-	5,238
Cash and bank balances	1,119,487	-	1,119,487
	9,771,997	-	9,771,997

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(iv) Effect of impairment allowances are as follows:

	Trade receivables RM (Note 13)	Amount due from related companies RM (Note 16)	Total RM
Group			
At 31.12.2017			
Balance under MFRS 139 as at 31 December 2017	34,741	-	34,741
Impairment losses recognised (net)	197,793	72,454	270,247
Balance under MFRS 9 as at 31 December 2017	232,534	72,454	304,988
At 01.01.2017			
Balance under MFRS 139 as at 1 January 2017	34,741	-	34,741
Impairment losses recognised (net)	357,221	68,614	425,835
Balance under MFRS 9 as at 1 January 2017	391,962	68,614	460,576

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(v) There are no significant impact arising from adoption of MFRS 9 of the Group's financial statements except as follows:

Statements of Financial Position

	As previously reported RM	MFRS 9 adjustments RM	As restated RM
Group			
At 31.12.2017			
Current assets			
Trade receivables	93,682,757	(197,793)	93,484,964
Amount due from related companies	186,947,619	(72,454)	186,875,165
Equity			
Retained earnings	18,878,701	(270,227)	18,608,474
Non-controlling interests	2,387,759	(20)	2,387,739
At 01.01.2017			
Trade receivables	70,089,514	(357,221)	69,732,293
Amount due from related companies	164,287,244	(68,614)	164,218,630
Equity			
Accumulated losses	(17,049,484)	(425,835)	(17,475,319)

There is no MFRS 9 impact on the Company level.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(v) There are no significant impact arising from adoption of MFRS 9 of the Group's financial statements except as follows: (Cont'd)

Statements of Profit or Loss and Other Comprehensive Income

	As previously reported RM	MFRS 9 adjustments RM	As restated RM
Group			
2017			
Administrative expenses	(35,572,526)	96,704	(35,475,822)
Net gain on impairment of financial assets	-	58,884	58,884
Profit before tax	49,963,263	155,588	50,118,851
Total comprehensive income for the financial year attributable to:			
- Owners of the parent	34,127,497	155,608	34,283,105
- Non-controlling interests	207,869	(20)	207,849
Earnings per share (sen)			
- Basic earnings per share	8.97		9.01
- Diluted earnings per share	7.10		7.19

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Lease	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards when they become effective.

The initial application of the abovementioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new standards and amendments to standards on the financial statements of the Group and of the Company are currently being assessed by management.

2. BASIS OF PREPARATION (CONT'D)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgments, estimates and assumptions

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

Judgments

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 6 respectively.

Revaluation of property, plant and equipment

The Group carries certain of its property, plant and equipment at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2018 for revalued land and buildings. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. Details of revaluation of property, plant and equipment are disclosed in Note 4.

The key assumptions used to determine the fair value of the properties are provided in Note 4.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 10.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgments, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 24.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 11.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The contract assets and contract liabilities of the Group arising from construction activities are disclosed in Note 12.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgments, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The contract assets of the Group arising from property development activities are disclosed in Note 12.

Impairment of receivables

The Group reviews the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies, associates and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 13, 14, 15, 16 and 17 respectively.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group and the Company has tax recoverable and payable of RM3,022,409 and RM367,847 (31.12.2017: RM1,804,964 and RM549,699 and 01.01.2017: RM26,361 and RM Nil) and RM2,046,022 and RM Nil (31.12.2017: RM3,488,918 and RM Nil and 01.01.2017: RM70,986 and RM Nil) respectively.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 37(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies 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 over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(p)(i) on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(p)(i) on impairment of non-financial assets.

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment in associates (Cont'd)

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest 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.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(p)(i) on impairment of non-financial assets.

(c) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(p)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land and buildings	Over the remaining lease period
Plant, machinery and equipment	3.33% - 33.33%
Furniture, fittings and office equipment	10% - 20%
Electrical installation and renovation	10%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

(iv) Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

(e) Capital work-in-progress

Capital work-in-progress consists of buildings under construction for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction until the property, plant and equipment are ready for their intended use.

(f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

<u>As lessee</u>

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases (Cont'd)

As lessee (Cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(g) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land and buildings	Over the remaining lease period of the lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at 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. See accounting policy Note 3(p)(i) on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(p)(i) on impairment of non-financial assets for intangible assets.

(i) Financial assets

Recognition and initial measurement

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group or the Company measures a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial instrument categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

For purposes of subsequent measurement, financial assets are classified into the following categories:

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

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

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiary companies, an associate and related companies, fixed deposits with licensed banks and cash and bank balances.

(b) Financial assets at fair value through other comprehensive income

(i) Debt investments

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt investment is not designated as at fair value through profit or loss. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(ii) Equity investments

This category comprises investment in equity investment that is not held for trading. The Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVTOCI.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in the profit or loss.

The Group and the Company have not designated any financial assets at FVTPL.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 2(p)(i).

Regular way purchase or sale of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial liabilities

Recognition and initial measurement

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

At initial recognition, the Group or the Company measures a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

The Group's and the Company's financial liabilities include trade and other payables, amount due to related companies, a shareholder, subsidiary companies and loans and borrowings.

Financial instrument categories and subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

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

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group and the Company have not designated any financial liabilities as FVTPL.

(b) Financial liabilities at amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables, amount due to related companies, a shareholder, subsidiary companies and loans and borrowings.

Derecognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(l) Offsetting of financial instruments

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

(m) Inventories

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

(a) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs of disposal. Fair value is the amount the inventory can be sold in an arm's length transaction.

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

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Inventories (Cont'd)

(b) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Property development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

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

(c) Other inventories

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out basis.

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

(n) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs exceed cost incurred plus recognised profits (less recognised losses).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(p) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of assets (Cont'd)

(ii) Financial assets

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

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

(q) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(r) Provision

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(u) Contract assets/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.

Where there is objective evidence of impairment, the amount of impairment loss is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract assets.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract work todate, certified by professional consultants.

(b) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

(c) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(d) Hotel room rental and food and beverages revenue

Room rental revenue is accrued on a daily basis on customer-occupied rooms. Revenue from the sale of food and beverage is recognised when the customer received and consumes and the Group has a present right to payment for the food and beverage product. Hotel room rental and food and beverages revenue are recorded based on the published rates, net of discounts.

(ii) Interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Income taxes

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) 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-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(y) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. PROPERTY, PLANT AND EQUIPMENT

	At Valuation	At Cost				
	Leasehold Land and Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Motor Vehicles RM	Total RM
Group						
31.12.2018						
Cost/Valuation						
At 1 January 2018	32,076,635	25,978,584	3,895,588	4,024,693	4,478,138	70,453,638
Additions	-	56,277,993	981,520	10,306,939	1,578,746	69,145,198
Disposals	-	(7,930,426)	(38,371)	-	(18,000)	(7,986,797)
Written off	-	(359,883)	(8,626)	(423,242)	-	(791,751)
Discount received	-	-	(20,000)	-	-	(20,000)
At 31 December 2018	32,076,635	73,966,268	4,810,111	13,908,390	6,038,884	130,800,288
Accumulated depreciation						
At 1 January 2018	3,707,983	9,861,382	2,407,513	2,020,588	1,615,468	19,612,934
Charge for the financial year	781,369	4,244,074	709,146	830,465	1,022,312	7,587,366
Disposals	-	(4,799,139)	(38,368)	-	(17,999)	(4,855,506)
Written off	-	(56,714)	(8,169)	(346,591)	-	(411,474)
At 31 December 2018	4,489,352	9,249,603	3,070,122	2,504,462	2,619,781	21,933,320
Accumulated impairment losses						
At 1 January/ 31 December 2018	1,389,832	-	-	-	-	1,389,832
Carrying amount						
At 31 December 2018	26,197,451	64,716,665	1,739,989	11,403,928	3,419,103	107,477,136

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

	At Valuation	At Cost				
	Leasehold Land and Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Motor Vehicles RM	Total RM
Group						
31.12.2017						
Cost/Valuation						
At 1 January 2017	32,076,635	16,818,624	3,038,201	2,877,855	3,043,634	57,854,949
Additions	-	10,107,675	873,573	1,146,838	1,934,364	14,062,450
Disposals	-	(647,469)	(1,092)	-	(498,410)	(1,146,971)
Written off	-	(300,246)	(15,094)	-	(1,450)	(316,790)
At 31 December 2017	32,076,635	25,978,584	3,895,588	4,024,693	4,478,138	70,453,638
Accumulated depreciation						
At 1 January 2017	2,926,614	8,951,923	2,031,648	1,640,129	1,406,112	16,956,426
Charge for the financial year	781,369	1,802,830	386,529	380,459	668,830	4,020,017
Disposals	-	(609,576)	(1,093)	-	(458,025)	(1,068,694)
Written off	-	(283,795)	(9,571)	-	(1,449)	(294,815)
At 31 December 2017	3,707,983	9,861,382	2,407,513	2,020,588	1,615,468	19,612,934
Accumulated impairment losses						
At 1 January 2017/ 31 December 2017	1,389,832	-	-	-	-	1,389,832
Carrying amount						
At 31 December 2017	26,978,820	16,117,202	1,488,075	2,004,105	2,862,670	49,450,872
At 1 January 2017	27,760,189	7,866,701	1,006,553	1,237,726	1,637,522	39,508,691

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

	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Total RM
Company			
31.12.2018			
Cost			
At 1 January 2018	728,717	648,930	1,377,647
Disposal	(25,381)	-	(25,381)
Written off	-	(401,602)	(401,602)
Discount received	(20,000)	-	(20,000)
At 31 December 2018	683,336	247,328	930,664
Accumulated depreciation			
At 1 January 2018	543,215	377,451	920,666
Charge for the financial year	44,592	61,546	106,138
Disposal	(25,381)	-	(25,381)
Written off	-	(341,361)	(341,361)
At 31 December 2018	562,426	97,636	660,062
Carrying amount			
At 31 December 2018	120,910	149,692	270,602
31.12.2017			
Cost			
At 1 January 2017	572,818	648,930	1,221,748
Addition	159,105	-	159,105
Written off	(3,206)	-	(3,206)
At 31 December 2017	728,717	648,930	1,377,647
Accumulated depreciation			
At 1 January 2017	505,872	312,558	818,430
Charge for the financial year	37,718	64,893	102,611
Written off	(375)	-	(375)
At 31 December 2017	543,215	377,451	920,666
Carrying amount			
At 31 December 2017	185,502	271,479	456,981
Carrying amount			
At 1 January 2017	66,946	336,372	403,318

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

(a) At 31 December 2018, leasehold land and buildings with carrying amount of RM26,197,451 (31.12.2017: RM26,978,820, 01.01.2017: RM27,760,189) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 23.

(b) The net carrying amount of property, plant and equipment of the Group acquired under finance lease arrangement are as follow:

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**01.01.2017 RM**
Motor vehicles	2,798,315	2,732,126	1,612,373
Plant and machinery	51,655,818	7,190,808	2,588,982
	54,454,133	9,922,934	4,201,355

(c) The aggregate additional costs for the property, plant and equipment of the Group and of the Company under finance lease financing, other payables and cash payments are as follows:

	Group		Company	
	31.12.2018 RM	**31.12.2017 RM**	**31.12.2018 RM**	**31.12.2017 RM**
Aggregate costs	69,145,198	14,062,450	-	159,105
Less: Finance lease financing	(37,161,805)	(6,566,989)	-	-
Less: Other payables	(1,277,997)	-	-	-
Cash payments	30,705,396	7,495,461	-	159,105

(d) The remaining period of leasehold land and buildings are 28 to 91 years (31.12.2017: 29 to 92 years, 01.01.2017: 30 to 93 years).

(e) In the previous financial year, the leasehold land and buildings of the Group were revalued by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent professional qualified valuer.

The fair value of land is within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

Had the leasehold land and buildings been carried at historical cost less accumulated depreciation and impairment losses, the carrying amount would have been RM21,597,955 (31.12.2017: RM22,044,850, 01.01.2017: RM22,491,745).

5. INTANGIBLE ASSETS

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM Restated
Cost			
At 1 January			
- as previously reported		8,400,000	-
- effect of completion of PPA	(a)	-	8,400,000
- as restated		8,400,000	8,400,000
Effect of completion of PPA	(b)	2,332,993	-
At 31 December		10,732,993	8,400,000
Accumulated amortisation			
At 1 January			
- as previously reported		4,068,979	-
- effect of completion of PPA		-	342,854
- as restated		4,068,979	342,854
Charge for the financial year		2,677,035	3,726,125
At 31 December		6,746,014	4,068,979
Carrying amount			
At 31 December		3,986,979	4,331,021
At 1 January		4,331,021	8,057,146

(a) In the previous financial year, the Group completed the purchase price allocation ("PPA") exercise to determine the fair value of the net assets of MITC Engineering Sdn. Bhd. within the stipulated time period, ie: twelve (12) months from the acquisition date of 28 November 2017 in accordance with MFRS 3 *Business Combination*. The intangible assets, deferred tax liabilities arising from the intangible assets and goodwill on consolidation have been restated accordingly in the statements of financial position.

(b) During the financial year, the Group completed the PPA exercise to determine the fair value of the net assets of Multi Court Developers Sdn. Bhd. within the stipulated time period, ie: twelve (12) months from the acquisition date of 5 January 2018 in accordance with MFRS 3 *Business Combination*. The intangible assets, deferred tax liabilities arising from the intangible assets and goodwill on consolidation have been reflected accordingly in the statements of financial position.

6. INVESTMENT PROPERTIES

	Group	
	31.12.2018 RM	31.12.2017 RM
Leasehold land and buildings		
Cost		
At 1 January	62,224,743	61,643,243
Discount received	-	(127,497)
Transferred from capital work-in-progress (Note 7)	-	708,997
At 31 December	62,224,743	62,224,743
Accumulated depreciation		
At 1 January	2,437,316	1,205,819
Charge for the financial year	1,244,496	1,231,497
At 31 December	3,681,812	2,437,316
Carrying amount		
At 31 December	58,542,931	59,787,427
At 1 January	59,787,427	60,437,424
Fair value		
At 31 December	62,487,327	62,487,327
At 1 January	62,487,327	62,487,327

(a) Investment properties of the Group with carrying amount RM57,849,296 (31.12.2017: RM58,725,504, 01.01.2017: RM60,075,618) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 23.

(b) Investment properties of the Group are leasehold properties with remaining lease periods range from 71 to 96 (31.12.2017: 72 to 97, 01.01.2017: 73 to 98) years.

(c) Fair value of investment properties is arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers. The fair values are within Level 2 of the fair value hierarchy.

(d) During the current financial year, certain investment properties have generated rental income and incurred direct operating expenses amounting to RM2,281,136 and RM475,615 (2017: RM331,059 and RM33,379) respectively by carrying out hospitality business.

7. CAPITAL WORK-IN-PROGRESS

	Group 31.12.2018 RM	31.12.2017 RM
At 1 January	1,300,410	1,589,811
Additions	-	419,596
Transfer to investment properties (Note 6)	-	(708,997)
At 31 December	1,300,410	1,300,410

Capital-work-in-progress comprise of vacant bungalow lands which have been pledged to licensed banks as security for banking facility granted to the Group as disclosed in Note 23.

8. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	31.12.2018 RM	Company 31.12.2017 RM	01.01.2017 RM
Unquoted shares, at cost			
In Malaysia	361,977,053	361,977,053	361,977,002
Less: Accumulated impairment losses	(61,977,053)	(61,976,998)	(61,976,998)
	300,000,000	300,000,055	300,000,004

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 31.12.2018 %	31.12.2017 %	01.01.2017 %	Principal activities
Direct Holding:					
MGB Construction Sdn. Bhd.	Malaysia	100	100	100	Civil engineering, design and build and general construction activities
MGB Land Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Vintage Roofing & Construction Sdn. Bhd	Malaysia	100	100	100	Dormant
Newsteel Building Systems Sdn. Bhd.	Malaysia	80	80	80	Dormant

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Investment in subsidiary companies (Cont'd)

Details of the subsidiary companies are as follows:(Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest 31.12.2018 %	31.12.2017 %	01.01.2017 %	Principal activities
Direct Holding:					
Vintage Tiles Holdings Sdn. Bhd.	Malaysia	100	100	100	Dormant
MITC Engineering Sdn. Bhd.	Malaysia	100	100	100	Civil engineering, design and build, general construction activities, trading activities and investment holding
Alunan Warta Sdn. Bhd.	Malaysia	51	51	-	Dormant
Indirect Holding:					
Subsidiary companies of MITC Engineering Sdn. Bhd.					
Prisma Craft Sdn. Bhd.	Malaysia	100	100	100	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	100	100	100	Hospitality
Top Ace Solutions Sdn. Bhd.	Malaysia	100	100	100	Trading of building materials and general construction activities
MGB Geotech Sdn. Bhd.	Malaysia	70	70	-	Piling and foundation construction works
MGB SANY (M) IBS Sdn. Bhd.	Malaysia	51	51	-	Manufacturing of Industrialised Building System precast products

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Investment in subsidiary companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest 31.12.2018 %	31.12.2017 %	01.01.2017 %	Principal activities
Indirect Holding:					
Subsidiary companies of MGB Land Sdn. Bhd.					
Delta Gallery Sdn. Bhd.	Malaysia	100	100	-	Property development
Multi Court Developers Sdn. Bhd.	Malaysia	100	-	-	Property development
Idaman Kukuh Sdn. Bhd.	Malaysia	100	100	-	Dormant
Indirect Holding:					
Subsidiary companies of Vintage Roofing & Construction Sdn. Bhd.					
Tirai Impresif Sdn. Bhd.	Malaysia	-	100	100	Dormant
VTI Consortium Sdn. Bhd.	Malaysia	100	100	100	Dormant

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies

31 December 2018

(i) On 5 January 2018, MGB Land Sdn. Bhd. ("**MGB Land**"), a wholly-owned subsidiary company of the Company, acquired three hundred thousand (300,000) ordinary shares in Multi Court Developers Sdn. Bhd. ("**MCDSB**") for a cash consideration of Ringgit Malaysia Two Million Eight Hundred Thousand (RM2,800,000) only, resulting in MCDSB became an indirect wholly-owned subsidiary company of the Company.

During the financial year, the MGB Land completed its PPA exercise within stipulated time period. The following summarises the major classes of consideration transferred and the recognised amount of assets acquired and liabilities assumed for the acquisition of MCDSB.

	Group 31.12.2018 RM
Fair value of consideration transferred	
Intangible assets	2,332,993
Inventories	19,667,007
Other receivables	416,200
Cash and bank balances	28,835
Other payables	(20,089,644)
Deferred tax liabilities	(559,918)
Net identifiable assets and liabilities	1,795,473
Net cash outflow arising from the acquisition of MCDSB	
Purchase consideration settled in cash	(2,800,000)
Cash and bank balances acquired	28,835
	(2,771,165)
Goodwill arising from business combination	
Goodwill was recognised as a result of the acquisition as follows:	
Fair value of consideration transferred	(2,800,000)
Fair value of identifiable assets acquired and liabilities assumed	1,795,473
	1,004,527

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies (Cont'd)

31 December 2017

(ii) On 21 February 2017, the Company acquired fifty one (51) ordinary shares in Alunan Warta Sdn. Bhd. ("**AWSB**") for a consideration of Ringgit Malaysia Fifty One (RM51.00) only. Consequently, AWSB became a 51% owned subsidiary company of the Company.

(iii) On 3 March 2017, MGB Land, a wholly-owned subsidiary company of the Company, acquired two (2) ordinary shares in Delta Gallery Sdn. Bhd. ("**DGSB**") for a cash consideration of Ringgit Malaysia Two (RM2.00) only. Consequently, DGSB became an indirect wholly-owned subsidiary company of the Company.

On 22 March 2017, DGSB had increased its paid up share capital from 2 to 250,000 ordinary shares. MGB Land had subscribed for an additional of 249,998 ordinary shares in DGSB by way of cash.

(iv) On 18 April 2017, MGB Land acquired one (1) ordinary share in Idaman Kukuh Sdn. Bhd. ("**IKSB**") for a cash consideration of Ringgit Malaysia One (RM1.00) only. Consequently, IKSB became an indirect wholly-owned subsidiary company of the Company.

(v) On 8 May 2017, MITCE, a wholly-owned subsidiary company of the Company, had subscribed seven hundred (700) ordinary shares in MGB Geotech Sdn. Bhd. ("**MGB Geotech**") for a cash consideration of Ringgit Malaysia Seven Hundred (RM700.00) only. Consequently, MGB Geotech became an indirect 70% owned subsidiary company of the Company.

On 13 June 2017, MGB Geotech had increased its paid-up share capital from 1,000 to 750,000 ordinary shares. MITCE had subscribed for an additional of 524,300 ordinary shares in MGB Geotech by way of cash.

(vi) On 13 December 2017, MITCE, a wholly-owned subsidiary company of the Company, had subscribed two million and forty thousand (2,040,000) ordinary shares in MGB SANY (M) IBS Sdn. Bhd. ("**MGB-SANY**") for a cash consideration of Ringgit Malaysia Two Million and Forty Thousand (RM2,040,000.00) only. Consequently, MGB-SANY became an indirect 51% owned subsidiary company of the Company.

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies (Cont'd)

The following summarises the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed for the acquisition of subsidiary companies mentioned in 8(ii) to (vi) above.

	Group 31.12.2017 RM
Fair value of consideration transferred	
Cash and bank balances	5,000,101
Other receivables	47
Other payables and accruals	(6,207)
Net identifiable assets and liabilities	4,993,941
Net cash inflow arising from the acquisition of subsidiary companies	
Purchase consideration settled in cash	(2,815,052)
Cash and bank balances acquired	5,000,101
	2,185,049
Goodwill arising from business combination	
Goodwill was recognised as a result of the acquisition as follows:	
Fair value of consideration transferred	2,815,052
Fair value of identifiable assets acquired and liabilities assumed	(4,993,941)
	(2,178,889)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	2,182,031
Goodwill attributable to owners of parent	3,142

The goodwill arising from consolidation has been written off in previous financial year.

Acquisition-related costs

In current financial year, the Group incurred acquisition-related costs of RM32,997 related to external legal fees and due diligence costs. The expenses have been included in other operating expenses in the profit or loss.

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, the acquired subsidiary company has not contribute to the Group's revenue and profit.

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Disposal of a subsidiary company

On 26 December 2018, Vintage Roofing & Construction Sdn. Bhd. ("**VRCSB**"), a wholly-owned subsidiary company of the Company, disposed two (2) ordinary shares in Tirai Impresif Sdn. Bhd. ("**TISB**"), representing entire equity interest in TISB to Mr. Toh Chau Keong and Ms. Go Siok Hong for cash consideration of Ringgit Malaysia Two (RM2.00) only, resulting in TISB ceased to be an indirect subsidiary company of the Company.

The effect of the disposal of TISB on the financial position of the Group as at the date of disposal was as follows:

	Group 31.12.2018 RM
Other payables	(1,517,760)
Accruals	(3,208)
Net liabilities	(1,520,968)
Gain on disposal	1,520,970
Proceeds from disposal	2
Less: Cash and bank balances disposed	-
Net cash inflow from disposal	2

(d) The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

(e) There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from the non-controlling shareholders.

9. INVESTMENT IN ASSOCIATES

	Group 31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
At cost			
Arising from acquisition of associates			
- unquoted shares in Malaysia	60,000	45,000	45,000
- share of post acquisition reserves	(10,685)	(10,685)	(26,305)
	49,315	34,315	18,695
Share of current year profit	80,582	-	15,620
Less: Accumulated impairment losses	(34,315)	(34,315)	-
	95,582	-	34,315

Movement in the allowance for impairment losses of investment in associates are as follows:

	Group 31.12.2018 RM	31.12.2017 RM
At 1 January	34,315	-
Impairment losses recognised	-	34,315
At 31 December	34,315	34,315

Details of the associates are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 31.12.2018 %	31.12.2017 %	01.01.2017 %	Principal activities
Associate of MITC Engineering Sdn. Bhd.					
YLT Consultancy Sdn. Bhd.#*	Malaysia	30	30	30	Engineering consultancy services
MGB-JPC Consultancy Sdn. Bhd.	Malaysia	30	-	-	Engineering consultancy services

* Associate not audited by UHY
# The financial information disclosed is based on management accounts

9. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of the associates, not adjusted for the percentage held by the Group is as follows:

(a) Summarised statements of financial position

	Group		
	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Assets and liabilities			
Non-current assets	1,127,064	1,163,895	1,110,093
Current assets	704,019	124,213	123,516
Total assets	1,831,083	1,288,108	1,233,609
Non-current liabilities	(828,389)	(819,650)	(850,750)
Current liabilities	(571,263)	(387,263)	(268,476)
Total net assets	431,431	81,195	114,383

(b) Summarised statements of profit or loss and other comprehensive income

	Group	
	2018 RM	2017 RM
Revenue	748,580	201,900
Proft/(Loss) before tax	404,141	(25,057)
Taxation	(103,905)	(8,131)
Proft/(Loss) for the financial year	300,236	(33,188)

(c) The Group has not recognised the following losses since it has no obligation in respect of these losses

	Group	
	2018 RM	2017 RM
At 1 January	9,956	-
Share of (profit)/loss during the financial year	(9,489)	9,956
At 31 December	467	9,956

10. GOODWILL ON CONSOLIDATION

	Group	
	31.12.2018 RM	31.12.2017 RM
At 1 January	253,690,382	253,690,382
Acquisition of a subsidiary company - effect of completion of PPA	1,004,527	-
At 31 December	254,694,909	253,690,382

Included in the goodwill on consolidation recognised as the effect of completion of PPA during the financial year, is deferred tax liabilities of RM559,918 arising from the intangible assets recognised as disclosed in Note 5.

Goodwill on consolidation arose upon the acquisition of subsidiary companies principally engaged in civil engineering, design and build, trading activities and property development.

The goodwill on consolidation recognised on the acquisitions are attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's existing construction business.

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the reporting period was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generating unit ("CGU") and was based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets covering a seven (7) years period.

(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is 10% to 15% (31.12.2017: 6% to 15%, 01.01.2017: 8% to 10%).

(iii) Pre-tax discount rate of 8% (31.12.2017: 8%, 01.01.2017: 10.4%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

(b) Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

11. INVENTORIES

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 01.01.2017 RM
Land held for development	(a)	3,000,000	3,000,000	3,000,000
Property development costs	(b)	53,323,158	51,118,841	-
Other inventories	(c)	1,295,228	19,223	48,027
		57,618,386	54,138,064	3,048,027

(a) Land held for development

	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 01.01.2017 RM
Freehold land, at cost			
At 1 January/31 December	3,000,000	3,000,000	3,000,000

The land is pledged to a licensed bank as security for banking facility granted to a subsidiary company as disclosed in Note 23.

(b) Property development costs

	Group 31.12.2018 RM	Group 31.12.2017 RM
Cumulative property development costs		
At 1 January	93,044,501	-
Additions	49,817,335	93,044,501
Arising from acquisition of a subsidiary company	19,667,007	-
At 31 December	162,528,843	93,044,501
Cumulative cost recognised in profit or loss		
At 1 January	41,925,660	-
Additions	67,280,025	41,925,660
At 31 December	109,205,685	41,925,660
Carrying amount		
At 31 December	53,323,158	51,118,841

11. INVENTORIES (CONT'D)

(b) Property development costs (Cont'd)

Included in property development costs incurred during the financial year are as follows:

	Note	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Finance costs	28	1,888,760	726,775	-
Landowner entitlement		-	37,000,000	-

The subsidiary company entered into joint venture agreements with a landowner to develop the land, solely, at the cost of the developers and based on the agreements, the landowner is entitled to certain units of completed properties.

The land is pledged to a licensed bank as security for banking facility granted to a subsidiary company as disclosed in Note 23.

(c) Other inventories

	Group		
	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Raw materials	1,054,528	-	1,500
Finished goods	-	-	44,927
Spare parts and consumables	240,700	19,223	1,600
	1,295,228	19,223	48,027

	Group	
	31.12.2018 RM	31.12.2017 RM
Recognised in profit or loss		
Inventories recognised as cost of sales	9,476,466	193,499
Inventories written off	-	48,027

12. CONTRACT ASSETS/(LIABILITIES)

The Group's contract assets and contract liabilities relating to construction activities and property development activities at the end of the reporting period are as follows:

		Group		
	Note	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Contract assets				
Construction activities	(a)	61,202,989	21,726,633	9,149,347
Property development activities	(b)	59,239,534	34,474,502	-
		120,442,523	56,201,135	9,149,347
Contract liabilities				
Construction activities	(a)	(24,458,009)	(38,843,746)	(43,472,289)

12. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Construction activities

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**01.01.2017 RM**
Construction costs incurred todate	1,929,781,315	1,337,434,427	897,010,682
Attributable profits	229,355,892	148,956,349	102,418,039
	2,159,137,207	1,486,390,776	999,428,721
Less: Progress billings	(2,122,392,227)	(1,503,507,889)	(1,033,751,663)
	36,744,980	(17,117,113)	(34,322,942)
Presented as:			
Contract assets	61,202,989	21,726,633	9,149,347
Contract liabilities	(24,458,009)	(38,843,746)	(43,472,289)
	36,744,980	(17,117,113)	(34,322,942)

The contract assets represents the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of advance billings in excess of revenue recognised overtime during the construction period.

(b) Property development activities

	Group	
	31.12.2018 RM	**31.12.2017 RM**
At 1 January	34,474,502	-
Property development revenue recognised during the financial year	77,232,177	59,532,487
Progress billings during the financial year	(52,467,145)	(25,057,985)
At 31 December	59,239,534	34,474,502
Presented as:		
Contract assets	59,239,534	34,474,502

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional.

12. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(c) Contract value yet to be recognised as revenue

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of revenue expected to be recognised in the future as the Group recognises revenue from the satisfaction of performance obligation using output methods in accordance with paragraph B16 of MFRS 15.

13. TRADE RECEIVABLES

		Group	
	31.12.2018 RM	31.12.2017 RM Restated	01.01.2017 RM Restated
Trade receivables	151,112,962	81,604,002	59,900,483
Retention sum receivable	14,690,977	12,113,496	10,223,772
	165,803,939	93,717,498	70,124,255
Less: Accumulated impairment losses	(333,886)	(232,534)	(391,962)
	165,470,053	93,484,964	69,732,293

The Group's normal trade credit terms are 14 to 180 days (31.12.2017: 14 to 180 days, 01.01.2017: 14 to 180 days). Other credit terms are assessed and approved on a case to case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

13. TRADE RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM	Credit impaired RM	Total allowance RM
Group			
At 1 January 2018 (Restated)	197,793	34,741	232,534
Impairment losses recognised	101,970	-	101,970
Impairment losses reversed	(618)	-	(618)
At 31 December 2018	299,145	34,741	333,886
At 1 January 2017			
- as previouisly reported	-	34,741	34,741
- effect of adoption of MFRS 9 [Note 2(a)(iv)]	357,221	-	357,221
- as restated	357,221	34,741	391,962
Impairment losses recognised	7,158	-	7,158
Impairment losses reversed	(166,586)	-	(166,586)
At 31 December 2017 (Restated)	197,793	34,741	232,534

Analysis of the trade receivables ageing as at the end of the reporting period are as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
31.12.2018			
Neither past due not impaired	104,883,566	(44,208)	104,839,358
Past due but not impaired			
Less than 30 days	14,244,543	(51,177)	14,193,366
31 to 60 days	4,920,297	(9,498)	4,910,799
61 to 90 days	40,744,824	(11,293)	40,733,531
More than 90 days	975,968	(182,969)	792,999
	60,885,632	(254,937)	60,630,695
Credit impaired			
Individually impaired	34,741	(34,741)	-
	165,803,939	(333,886)	165,470,053

13. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing as at the end of the reporting period are as follows: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
31.12.2017 (Restated)			
Neither past due not impaired	59,477,602	(12,826)	59,464,776
Past due but not impaired			
Less than 30 days	7,321,482	(3,924)	7,317,558
31 to 60 days	4,647,265	(3,104)	4,644,161
61 to 90 days	3,466,997	(1,238)	3,465,759
More than 90 days	18,769,411	(176,701)	18,592,710
	34,205,155	(184,967)	34,020,188
Credit impaired			
Individually impaired	34,741	(34,741)	-
	93,717,498	(232,534)	93,484,964
01.01.2017 (Restated)			
Neither past due not impaired	27,249,993	(8,545)	27,241,448
Past due but not impaired			
Less than 30 days	8,856,162	(23,550)	8,832,612
31 to 60 days	6,685,859	(36,788)	6,649,071
61 to 90 days	10,657,776	(70,197)	10,587,579
More than 90 days	16,639,724	(218,141)	16,421,583
	42,839,521	(348,676)	42,490,845
Credit impaired			
Individually impaired	34,741	(34,741)	-
	70,124,255	(391,962)	69,732,293

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

At 31 December 2018, trade receivables of RM60,630,695 (31.12.2017: RM34,020,188, 01.01.2017: RM42,490,845) were past due but not impaired. These mainly arose from active corporate clients with healthy business relationship but slower repayment records, in which the management is of the view that the amount are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

Trade receivables of the Group that are individually assessed to be impaired amounting to RM34,741 (31.12.2017: RM34,741, 01.01.2017: RM34,741) which related to customers that are in financial difficulties. These balances are expected to be recovered through the debts recovery process.

At the end of the reporting period, the Group has 4 (31.12.2017: 4, 01.01.2017: 6) customers that owed to the Group for approximately 75% (31.12.2017: 61%, 01.01.2017: 61%) of total outstanding receivables.

14. OTHER RECEIVABLES

	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 01.01.2017 RM
Other receivables	7,763,292	25,757,015	18,213,990
Less: Accumulated impairment losses	(1,106,388)	(942,383)	(845,679)
	6,656,904	24,814,632	17,368,311
Deposits			
- Third parties	3,654,061	1,801,250	408,153
- Related party	13,350	7,500	-
Prepayments	4,815,857	1,897,017	347,840
GST receivables	1,456,628	2,959,824	445,656
	16,596,800	31,480,223	18,569,960

	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 01.01.2017 RM
Other receivables	58,895	55,400	103,019
Deposits			
- Third parties	17,500	2,840	4,240
- Related party	-	-	12,000
Prepayments	990	990	3,479
GST receivables	273,717	243,862	175,697
	351,102	303,092	298,435

Movements in the allowance for impairment losses of other receivables are as follows:

	Group 31.12.2018 RM	Group 31.12.2017 RM
At 1 January	942,383	845,679
Impairment losses recognised	164,005	96,704
At 31 December	1,106,388	942,383

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Included in the other receivables of the Group were project advance of RM Nil (31.12.2017: RM17,085,681, 01.01.2017: RM15,620,981) to sub-contractors for construction contracts undertaken by the Group.

15. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

(a) Amount due from subsidiary companies

	Company		
	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Amount due from subsidiary companies	76,278,743	54,306,736	20,179,229
Less: Accumulated impairment losses	(11,834,190)	(11,651,216)	(11,651,216)
	64,444,553	42,655,520	8,528,013

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	31.12.2018 RM	31.12.2017 RM
At 1 January	11,651,216	11,651,216
Impairment losses recognised	478,256	-
Impairment losses reversed	(295,282)	-
At 31 December	11,834,190	11,651,216

Amount due from subsidiary companies are unsecured, non-interest bearing advances and repayable on demand except for an amount of RM54,835,060 (31.12.2017: RM10,639,205, 01.01.2017: RM Nil) which bears interest at a rate of 6.65% (31.12.2017: 2.90%, 01.01.2017: Nil) per annum.

(b) Amount due to subsidiary companies

Amount due to subsidiary companies are unsecured, non-interest bearing advances and repayable on demand.

16. AMOUNT DUE FROM/(TO) RELATED COMPANIES

(a) Amount due from related companies

	Group		
	31.12.2018 RM	31.12.2017 RM Restated	01.01.2017 RM Restated
Trade	174,355,636	114,342,318	106,477,875
Retention sum receivable	60,641,505	71,611,560	57,417,037
Less: Accumulated impairment losses	(139,754)	(72,454)	(68,614)
	234,857,387	185,881,424	163,826,298
Non-trade	536	993,741	392,332
	234,857,923	186,875,165	164,218,630

16. AMOUNT DUE FROM/(TO) RELATED COMPANIES (CONT'D)

(a) Amount due from related companies (Cont'd)

	Company 31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Non-trade	-	-	5,238

Movements in the allowance for impairment losses of amount due from related companies are as follows:

	Group 31.12.2018 RM	31.12.2017 RM Restated
At 1 January		
- as previously stated	-	-
- effect of adoption of MFRS 9 [Note 2(a)(iv)]	72,454	68,614
- as stated	72,454	68,614
Impairment losses recognised	69,427	9,992
Impairment losses reversed	(2,127)	(6,152)
At 31 December	139,754	72,454

This represents trade and non-trade balances which are unsecured, non-interest bearing and repayable on demand.

(b) Amount due to related companies

This represents unsecured, non-interest bearing trade balances and repayable on demand except for interest bearing advances of RM Nil (31.12.2017: RM9,203,600, 01.01.2017: RM9,203,600) which bear interest at average rate of Nil (31.12.2017: 7.01%, 01.01.2017: 6.07%) per annum.

17. AMOUNT DUE FROM AN ASSOCIATE

This represents unsecured, non-interest bearing advances and repayable on demand.

18. FIXED DEPOSITS WITH LICENSED BANKS

The interest rates of fixed deposits of the Group are ranging from 2.95% to 3.15% (31.12.2017: 2.95% to 3.35%, 01.01.2017: 2.95% to 3.35%) per annum and the maturity of deposits is 365 (31.12.2017: 365, 01.01.2017: 365) days.

The fixed deposits of the Group have been pledged to licensed banks as securities for banking facilities granted to subsidiary companies as disclosed in Note 23.

19. CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS AND CASH AND BANK BALANCES

Cash held under the Housing Development Accounts which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts at the reporting date bearing interest ranging from 1.90% to 1.95% (31.12.2017: 1.95%, 01.01.2017: Nil) per annum.

Included in the cash and bank balances of the Group is an amount of RM722,502 (31.12.2017: RM722,502, 01.01.2017: RM Nil) which pledged to a licensed bank for banking facility granted to a subsidiary company as disclosed in Note 23.

20. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	31.12.2018 Unit	31.12.2017 Unit	31.12.2018 RM	31.12.2017 RM
Authorised				
Ordinary Shares of RM0.50 each				
At 1 January	-	820,000,000	-	410,000,000
Abolishment of the concept of authorised share capital	-	(820,000,000)	-	(410,000,000)
At 31 December	-	-	-	-
Irredeemable Convertible Preference Shares ("ICPS") of RM0.50 each				
At 1 January	-	180,000,000	-	90,000,000
Abolishment of the concept of authorised share capital	-	(180,000,000)	-	(90,000,000)
At 31 December	-	-	-	-
Total	-	-	-	-
Issued and fully paid Ordinary Shares				
At 1 January	491,845,773	357,395,594	322,982,290	178,697,797
Issued during the financial year	5,040,779	134,450,179	2,520,390	98,765,090
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime	-	-	-	45,519,403
At 31 December	496,886,552	491,845,773	325,502,680	322,982,290
Irredeemable Convertible Preference Shares ("ICPS")				
At 1 January	90,000,000	180,000,000	60,300,000	90,000,000
Conversion during the financial year	-	(90,000,000)	-	(60,300,000)
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime	-	-	-	30,600,000
At 31 December	90,000,000	90,000,000	60,300,000	60,300,000
Total	586,886,552	581,845,773	385,802,680	383,282,290

20. SHARE CAPITAL (CONT'D)

Ordinary shares

During the financial year, the Company increased its issued and paid-up share capital from 491,845,773 to 496,886,552 by way of conversion of 5,040,779 Warrants 2014/2019 into 5,040,779 new ordinary shares at the exercise price of RM0.50 per warrant for a total cash consideration of RM2,520,300.

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

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

ICPS

The salient features of the ICPS are as follows:

(i) The ICPS were issued at RM0.67 each (par value of RM0.50) and the maturity date of ICPS is the day immediately preceding the fifth anniversary from the date of issue of the ICPS.

(ii) The ICPS holders shall have the right to convert one (1) ICPS into one (1) ordinary share with no additional cash payment, at the option of the ICPS holders, in the following manner:-

  (a) first fifty percent (50%) of the ICPS at any time on any Market Day from the first (1st) anniversary of the date of issue of the ICPS; and

  (b) remaining fifty percent (50%) of the ICPS at any time on any Market Day from the second (2nd) anniversary of the date of issue of the ICPS, up to and including the Maturity Date.

(iii) The conversion of the ICPS into new ordinary share shall be exercised by the ICPS holders by delivering a duly completed and signed conversion notice in the form and manner to be set out in the Company's Memorandum & Articles.

(iv) All the ICPS that remain outstanding on the Market Day immediately after the Maturity Date will be automatically converted into new ordinary share at the conversion price or conversion ratio.

(v) The ICPS are not redeemable.

(vi) The Company shall have the sole discretion to decide whether to declare any non-cumulative dividend and the quantum of such dividend, provided always that if dividends are declared to its ordinary shareholders, then an equivalent amount of dividend per ICPS shall be paid to the ICPS holders in preference.

(vii) The ICPS holders shall not have the right to vote at any general meeting of the Company except with regard to:

  (a) when the dividend or part of the dividend payable on the ICPS is in arrears for more than six (6) months;

  (b) on any proposal to wind-up the Company or during the winding-up of the Company;

  (c) on any proposal that affects the rights and privileges attached to the ICPS;

  (d) on any proposal to reduce the share capital of the Company; or

  (e) on any proposal for the disposal of the whole or a substantial part of the property, business and undertaking of the Company,

  in which case, the ICPS holders shall be entitled to vote together with the holders of ordinary share by way of poll and each ICPS holder shall be entitled to one (1) vote for each ICPS held.

20. SHARE CAPITAL (CONT'D)

ICPS (Cont'd)

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

(viii) The ICPS are unsecured and shall upon allotment and issue, rank pari passu in all respect amongst themselves, and any such class of shares ranking pari passu with the ICPS which may be issued by the Company in the future.

The ICPS shall rank in priority to the ordinary shares and any other securities which by their terms rank junior to the ICPS.

In the previous financial year, a total of 90,000,000 ICPS were converted into 90,000,000 new ordinary shares at the conversation ratio of one (1) ICPS into one (1) ordinary share with no additional cash payment.

21. RESERVES

	Note	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Group				
Non-distributable				
Share premium	(a)	-	-	76,119,403
Warrant reserves	(b)	525,764	1,029,842	2,674,860
Asset revaluation reserve	(c)	4,747,375	4,903,045	5,058,715
		5,273,139	5,932,887	83,852,978
Company				
Non-distributable				
Share premium	(a)	-	-	76,119,403
Warrant reserves	(b)	525,764	1,029,842	2,674,860
		525,764	1,029,842	78,794,263

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Movement of the share premium is as follows:

	Group / Company 31.12.2018 RM	Group / Company 31.12.2017 RM
At 1 January	-	76,119,403
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime	-	(76,119,403)
At 31 December	-	-

The Companies Act, 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Companies Act, 2016.

21. RESERVES (CONT'D)

(b) Warrant reserves

This represents the fair values of the warrants issued and is non-distributable. When the warrants are exercised or expire, the warrant reserve will be transferred to retained earnings within equity.

During the financial year 2014, the Company issue the followings:

(i) private placement shares of 17,000,000 new ordinary shares of RM0.50 each together with 8,500,000 free detachable warrants on the basis of 1 placement warrant for every 2 placement shares; and

(ii) renounceable right issue of 36,497,200 new ordinary shares of RM0.50 each on the basis of 1 right share for every 1 existing ordinary share held together with 18,248,600 free detachable warrants on the basis of 1 right warrant for every 2 right shares.

The Warrants are constituted under a Deed Poll executed on 22 July 2014 and each warrant entitles the registered holder the right at any time during the exercise period from 28 October 2014 to 27 October 2019 to subscribe in cash for one new ordinary share of RM0.50 each of the Company at an exercise price of RM0.50 each. The rights attached to the Warrants which are not exercised during the exercise period will thereafter lapse.

On 28 November 2016, the warrant holders have approved the amendments to the Deed Poll dated 22 July 2014 by way of a Supplemental Deed Poll dated 28 November 2016.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

Movement of the warrant reserves is as follows:

	Group / Company	
	31.12.2018 RM	**31.12.2017 RM**
At 1 January	1,029,842	2,674,860
Arising from the conversion of warrants	(504,078)	(1,645,018)
At 31 December	525,764	1,029,842

At 31 December 2018, the total number of warrants that remained unexercised were 5,257,642 (31.12.2017: 10,298,421).

(c) Asset revaluation reserves

The revaluation reserve represents increases in the fair value of land and buildings and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

	Group	
	31.12.2018 RM	**31.12.2017 RM**
At 1 January	4,903,045	5,058,715
Other comprehensive income		
Realisation of revaluation reserve of leasehold land and buildings	(155,670)	(155,670)
At 31 December	4,747,375	4,903,045

22. TRADE PAYABLES

		Group	
	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Non-Current			
Trade payable	-	12,738,499	-
Current			
Trade payables			
- third parties	215,513,867	149,201,077	118,043,272
- related parties	-	-	260,878
Retention sum			
- third parties	64,485,148	62,589,201	44,151,192
- related parties	243,000	-	1,001,145
	280,242,015	211,790,278	163,456,487

Non-current trade payable
This represents payable for the acquisition and joint venture of project development land. Payment will be made as stipulated in the agreements.

Current trade payables
The normal trade credit term granted to the Group is 30 to 60 (31.12.2017: 30 to 60, 01.01.2017: 30 to 60) days depending on the terms of the contracts. Included in the current trade payables is an amount of RM2,958,813 (31.12.2017: RM7,534,851, 01.01.2017: RM Nil) represents payable for the acquisition and joint venture of project development land.

23. LOANS AND BORROWINGS

		Group	
	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Secured			
Floating rate			
Bank overdrafts (Note a)	13,780,977	13,561,604	5,277,744
Term loans (Note b)	65,486,634	64,572,266	29,900,316
Trade services (Note c)	76,389,720	19,845,230	-
Revolving credit (Note d)	35,017,650	-	-
	190,674,981	97,979,100	35,178,060
Fixed rate			
Finance lease liabilities (Note e)	40,964,083	8,436,881	3,629,291
	231,639,064	106,415,981	38,807,351

23. LOANS AND BORROWINGS (CONT'D)

	Group		
	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Current liabilities			
Bank overdrafts (Note a)	13,780,977	13,561,604	5,277,744
Term loans (Note b)	3,520,252	3,068,820	1,653,151
Trade services (Note c)	76,389,720	1,922,241	-
Revolving credit (Note d)	35,017,650	-	-
Finance lease liabilities (Note e)	10,165,768	2,852,155	1,247,847
	138,874,367	21,404,820	8,178,742
Non-current liabilities			
Term loans (Note b)	61,966,382	61,503,446	28,247,165
Trade services (Note c)	-	17,922,989	-
Finance lease liabilities (Note e)	30,798,315	5,584,726	2,381,444
	92,764,697	85,011,161	30,628,609
	231,639,064	106,415,981	38,807,351
Maturity of loans and borrowings (excluding finance lease liabilities)			
Within 1 year	128,708,599	18,552,665	6,930,895
Between 1 to 2 years	3,758,196	21,414,052	1,859,654
Between 2 to 3 years	32,253,959	3,719,024	1,935,357
Between 3 to 4 years	9,355,106	14,613,942	2,032,053
Between 4 to 5 years	977,924	13,965,372	2,136,033
After 5 years	15,621,197	25,714,045	20,284,068
	190,674,981	97,979,100	35,178,060

	Company		
	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Secured			
Floating rate			
Revolving credit (Note d)	15,000,000	-	-
Current liabilities			
Revolving credit (Note d)	15,000,000	-	-
Maturity of loans and borrowings (excluding finance lease liabilities)			
Within 1 year	15,000,000	-	-

23. LOANS AND BORROWINGS (CONT'D)

(a) Bank overdrafts

The bank overdrafts are secured by the following:

(i) fixed charges over the property, plant and equipment as disclosed in Note 4(a);
(ii) fixed charge on certain investment properties as disclosed Note 6(a);
(iii) fixed charge on the freehold development land as disclosed in Note 11(a);
(iv) corporate guaranteed by the Company; and
(v) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(b) Term loans

The term loans are secured by the following:

(i) fixed charges over the property, plant and equipment as disclosed in Note 4(a);
(ii) fixed charge on certain investment properties as disclosed Note 6(a);
(iii) fixed charges over the leasehold development land as disclosed in Note 11(a);
(iv) fixed charge on the freehold development land as disclosed in Note 11(b);
(v) a debenture by way of fixed and floating charge over all present and future assets belonging to subsidiary companies;
(vi) legal assignment of cash flows or insurance proceeds in relation to project developed by subsidiary companies
(vii) corporate guaranteed by the Company; and
(viii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(c) Trade services

The trade services are secured by the following:

(i) legal assignment of all rights, title and benefit in and under a bank guarantee issued by a financial institution;
(ii) legal assignment of contract proceeds in relation to a project constructed by a subsidiary company; and
(iii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(d) Revolving credit

The revolving credit are secured by the following:

(i) fixed charge on certain investment properties as disclosed in Note 6(a);
(ii) fixed charge on capital work-in-progress as disclosed in Note 7; and
(iii) corporate guaranteed by the Company.

23. LOANS AND BORROWINGS (CONT'D)

(e) Finance lease liabilities

	Group 31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
(i) **Minimum lease payments**			
Within one year	12,456,185	3,248,088	1,431,876
Later than one year and not later than two years	12,103,536	2,496,980	1,170,120
Later than two years and not later than five years	21,814,281	3,100,193	1,257,946
Later than five years	250,840	434,086	185,537
	46,624,842	9,279,347	4,045,479
Less: Future finance charges	(5,660,759)	(842,466)	(416,188)
Present value of minimum lease payments	40,964,083	8,436,881	3,629,291
(ii) **Present value of minimum lease payments**			
Within one year	10,165,768	2,852,155	1,247,847
Later than one year and not later than two years	10,490,364	2,258,703	1,068,120
Later than two years and not later than five years	20,067,644	2,917,006	1,134,754
Later than five years	240,307	409,017	178,570
	40,964,083	8,436,881	3,629,291
Analysed as:			
Repayable within twelve months	10,165,768	2,852,155	1,247,847
Repayable after twelve months	30,798,315	5,584,726	2,381,444
	40,964,083	8,436,881	3,629,291

The Group leases motor vehicles and plant and machinery under finance lease [Note 4 (b)]. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

The average effective interest rates per annum at the end of the reporting period are as follows:

	Group 31.12.2018 %	31.12.2017 %	01.01.2017 %
Bank overdrafts	6.90	6.80	6.69
Finance lease liabilities	2.82	2.79	2.97
Term loans	6.82	5.51	5.31
Trade services	5.95	6.64	-
Revolving credit	6.18	-	-

The revolving credit liabilities of the Company is bearing average effective interest rate of 6.18% (31.12.2017: Nil, 01.01.2017: Nil) per annum.

24. DEFERRED TAX LIABILITIES

	Group	
	31.12.2018 RM	31.12.2017 RM
At 1 January		
- as previously reported	2,265,303	838,395
- effect of completion of PPA	-	1,918,368
- as stated	2,265,303	2,756,763
Arising from acquisition of a subsidiary company		
- effect of completion of PPA	559,918	-
Recognised in profit or loss	800,788	(491,460)
At 31 December	3,626,009	2,265,303

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Group			
Deferred tax liabilities	6,892,616	4,916,275	4,816,961
Deferred tax assets	(3,266,607)	(2,650,972)	(2,060,198)
	3,626,009	2,265,303	2,756,763
Company			
Deferred tax liabilities	13,591	39,449	9,978
Deferred tax assets	(13,591)	(39,449)	(9,978)
	-	-	-

24. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets are as follows:

	Accelerated capital allowances RM	Revaluation of assets RM	Intangible assets RM	Total RM
Group				
Deferred tax liabilities				
At 1 January 2018	2,340,518	1,544,562	1,031,195	4,916,275
Recognised in profit or loss	2,679,485	-	(606,372)	2,073,113
Arising from acquisition of a subsidiary company	-	-	559,918	559,918
Crystallisation of deferred tax	-	(53,869)	-	(53,869)
Over provision in prior year	(602,821)	-	-	(602,821)
At 31 December 2018	4,417,182	1,490,693	984,741	6,892,616
At 1 January 2017				
- as previously reported	1,301,104	1,597,489	-	2,898,593
- effect of completion of PPA	-	-	1,918,368	1,918,368
- as stated	1,301,104	1,597,489	1,918,368	4,816,961
Recognised in profit or loss	880,139	-	(887,173)	(7,034)
Crystallisation of deferred tax	-	(52,927)	-	(52,927)
Under provision in prior year	159,275	-	-	159,275
At 31 December 2017	2,340,518	1,544,562	1,031,195	4,916,275

	Unutilised capital allowances RM	Unused tax losses RM	Others RM	Total RM
Group				
Deferred tax assets				
At 1 January 2018	(904,340)	(1,020,081)	(726,551)	(2,650,972)
Recognised in profit or loss	(2,850,105)	744,564	827,302	(1,278,239)
Over/(Under) provision in prior year	760,191	3,164	(100,751)	662,604
At 31 December 2018	(2,994,254)	(272,353)	-	(3,266,607)
At 1 January 2017	(10,050)	(1,861,449)	(188,699)	(2,060,198)
Recognised in profit or loss	(894,194)	542,993	(483,601)	(834,802)
(Under)/Over provision in prior year	(96)	298,375	(54,251)	244,028
At 31 December 2017	(904,340)	(1,020,081)	(726,551)	(2,650,972)

24. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets are as follows: (Cont'd)

	Accelerated capital allowances RM	Total RM
Company		
Deferred tax liabilities		
At 1 January 2018	39,449	39,449
Recognised in profit or loss	(2,885)	(2,885)
Over provision in prior year	(22,973)	(22,973)
At 31 December 2018	13,591	13,591
At 1 January 2017	9,978	9,978
Recognised in profit or loss	29,303	29,303
Under provision in prior year	168	168
At 31 December 2017	39,449	39,449

	Unutilised capital allowances RM	Total RM
Company		
Deferred tax assets		
At 1 January 2018	(39,449)	(39,449)
Recognised in profit or loss	2,885	2,885
Over provision in prior year	22,973	22,973
At 31 December 2018	(13,591)	(13,591)
At 1 January 2017	(9,978)	(9,978)
Recognised in profit or loss	(29,303)	(29,303)
Under provision in prior year	(168)	(168)
At 31 December 2017	(39,449)	(39,449)

24. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group 31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Group			
Unutilised capital allowances	767,604	162,527	72,251
Unused tax losses	12,466,235	7,268,328	9,624,018
	13,233,839	7,430,855	9,696,269
Company			
Unutilised capital allowances	90,862	48,517	5,759
Unused tax losses	2,665,557	2,665,557	2,665,557
	2,756,419	2,714,074	2,671,316

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

25. OTHER PAYABLES

	Note	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Group				
Other payables		9,285,737	3,733,907	2,362,622
Deposits received				
- third parties		208,384	68,661	90,000
- related parties		-	-	6,900
Accruals	(a)	21,907,802	9,406,199	13,710,202
Advance payments		1,860,116	564,554	-
Amount due to Directors	(b)	-	-	282,014
Amount due to a shareholder	(c)	5,523,626	-	-
GST payable		-	716,761	415,348
		38,785,665	14,490,082	16,867,086
Company				
Other payables		248,082	328,671	265,154
Accruals		432,113	97,000	1,458,152
Amount due to Directors		-	-	282,014
		680,195	425,671	2,005,320

(a) Included in accruals consist of accrued project cost of RM15,276,887 (31.12.2017: RM5,242,179, 01.01.2017: RM9,861,953).

(b) The amount due to Directors is unsecured, non-interest bearing advances and repayable on demand.

(c) The amount due to a shareholder is unsecured, non-interest bearing advances and repayable on demand.

26. REVENUE

	Group			
	Construction and trading RM	Property development RM	Other RM	Total RM
2018				
Revenue from contracts with customers				
Sales of goods	55,413,415	-	-	55,413,415
Construction contracts	616,110,049	-	-	616,110,049
Project management fee	234,561	-	-	234,561
Property development	-	77,232,177	-	77,232,177
Hospitality	-	-	2,281,136	2,281,136
	671,758,025	77,232,177	2,281,136	751,271,338
Timing of reveue recognition				
At a point in time	55,647,976	-	2,281,136	57,929,112
Over time	616,110,049	77,232,177	-	693,342,226
	671,758,025	77,232,177	2,281,136	751,271,338
2017				
Revenue from contracts with customers				
Sales of goods	65,812,011	-	-	65,812,011
Construction contracts	566,900,974	-	-	566,900,974
Project management fee	67,250	-	-	67,250
Property development	-	59,532,487	-	59,532,487
Hospitality	-	-	331,059	331,059
	632,780,235	59,532,487	331,059	692,643,781
Timing of reveue recognition				
At a point in time	65,879,261	-	331,059	66,210,320
Over time	566,900,974	59,532,487	-	626,433,461
	632,780,235	59,532,487	331,059	692,643,781

27. COST OF SALES

	Group	
	2018 RM	2017 RM
Sales of goods	52,246,332	63,196,838
Construction contracts	534,636,258	501,064,115
Project management fee	726	96,365
Property development	67,280,025	41,925,660
Hospitality	475,615	33,379
	654,638,956	606,316,357

28. FINANCE COSTS

	Note	2018 RM	2017 RM
Group			
Interest expenses on:			
Term loans		4,530,121	3,300,364
Bank overdrafts		823,255	489,483
Related companies		-	108,074
Finance lease liabilities		745,338	215,751
Trade services		77,244	15,241
Revolving credit		1,524,104	-
		7,700,062	4,128,913
Less: Interest expense capitalised in property development costs	11(b)	(1,888,760)	(726,775)
		5,811,302	3,402,138
Company			
Interest expenses on:			
Revolving credit		892,825	-
		892,825	-

29. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is derived after charging/(crediting):

	Group 2018 RM	Group 2017 RM Restated	Company 2018 RM	Company 2017 RM
Auditors' remuneration				
- statutory audit				
- current year	234,000	210,500	80,000	75,000
- under provision in prior year	5,000	13,800	5,000	-
- non statutory audit	32,000	20,000	32,000	20,000
Amortisation of intangible assets	2,677,035	3,726,125	-	-
Depreciation of:				
- property, plant and equipment	7,587,366	4,020,017	106,138	102,611
- investment properties	1,244,496	1,231,497	-	-
Goodwill written off	-	3,142	-	-
Impairment losses on:				
- investment in subsidiary companies	-	-	55	-
- investment in an associate	-	34,315	-	-
- trade receivables	101,970	7,158	-	-
- other receivables	164,005	96,704	-	-
- amount due from subsidiary companies	-	-	478,256	-
- amount due from related companies	69,427	9,992	-	-
Inventories written off	-	48,027	-	-
Non-executive Directors' remuneration				
- fees	275,500	126,000	275,500	126,000
- other emoluments	53,775	5,400	53,775	5,400
Property, plant and equipment written off	380,277	21,975	60,241	2,831
Rental of hostel	52,900	3,000	-	-
Rental of premises	-	25,019	-	-
Rental of motor vehicle	13,500	-	-	-
Rental of copier machine	12,924	12,480	-	12,480
Rental of plant, machinery and equipment	2,362,631	-	-	-

29. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Profit/(Loss) before tax is derived after charging/(crediting): (Cont'd)

	Group 2018 RM	Group 2017 RM Restated	Company 2018 RM	Company 2017 RM
Interest income	(125,402)	(198,486)	(11,123)	(75,755)
Interco interest income	-	-	(2,363,451)	(307,214)
Rental income				
- related party	-	(7,683)	-	-
- third parties	(234,797)	(134,290)	-	-
Gain on disposal of property, plant and equipment	(23,421)	(193,778)	(110)	-
Gain on disposal of subsidiary company	(1,520,970)	-	-	-
Gain on unrealised foreign exchange	(129,232)	-	-	-
Profit guarantee received	-	(2,047,520)	-	-
Reversal of impairment losses on:				
- trade receivables	(618)	(166,586)	-	-
- amount due from subsidiary companies	-	-	(295,282)	-
- amount due from related companies	(2,127)	(6,152)	-	-
Waiver of debts	-	(7)	-	-

30. TAXATION

	Group 2018 RM	Group 2017 RM Restated	Company 2018 RM	Company 2017 RM
Tax expenses recognised in profit or loss				
Malaysian income tax:				
Current tax provision	14,480,889	15,150,122	488,671	391,326
Under provision in prior years	157,756	969,235	6,860	-
	14,638,645	16,119,357	495,531	391,326
Deferred tax:				
Relating to origination and reversal of temporary differences	794,874	(841,836)	-	-
Crystallisation of deferred tax	(53,869)	(52,927)	-	-
Under provision in prior years	59,783	403,303	-	-
	800,788	(491,460)	-	-
Tax expense for the financial year	15,439,433	15,627,897	495,531	391,326

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

30. TAXATION (CONT'D)

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

	Group		Company	
	2018 RM	2017 RM Restated	2018 RM	2017 RM
Profit before tax	45,848,890	50,118,851	947,791	621,582
At Malaysian statutory tax rate of 24% (2017: 24%)	11,003,734	12,028,524	227,470	149,180
Expenses not deductible for tax purposes	4,120,457	2,741,164	251,039	234,584
Income not subject to tax	(603,753)	(1,440)	-	(1,200)
Deferred tax assets not recognised	1,392,714	427,211	10,162	8,762
Crystallisation of deferred tax	(53,869)	(52,927)	-	-
Deferred tax arising from intangible assets arising from PPA	(637,389)	(887,173)	-	-
Under provision in prior years				
- income tax	157,756	969,235	6,860	-
- deferred tax	59,783	403,303	-	-
Tax expense for the financial year	15,439,433	15,627,897	495,531	391,326

The Group and the Company have the following unutilised capital allowances and unused tax losses carry forward, available to off-set against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised capital allowances	13,243,663	763,151	147,491	117,169
Unused tax losses	13,601,030	11,505,481	2,665,557	2,665,557
	26,844,693	12,268,632	2,813,048	2,782,726

31. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group 2018 RM	2017 RM Restated
Profit attributable to owners of the parent	32,188,078	34,283,105
	Unit	**Unit**
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	491,845,773	357,395,594
Effect of ordinary shares issued during the financial year	4,203,165	23,112,986
Weighted average number of ordinary shares at 31 December	496,048,938	380,508,580
Basic earnings per ordinary share (in sen)	6.49	9.01

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group 2018 RM	2017 RM Restated
Profit attributable to owners of the parent	32,188,078	34,283,105
	Unit	**Unit**
Weighted average number of ordinary shares in issue in the calculation of basic earnings per share	496,048,938	380,508,580
Effect of conversion of warrants	2,804,621	6,162,509
Effect of conversion of ICPS	90,000,000	90,000,000
Weighted average number of ordinary shares at 31 December	588,853,559	476,671,089
Diluted earnings per ordinary share (in sen)	5.47	7.19

32. STAFF COSTS

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Fees	-	27,000	-	27,000
Salaries, wages and other emoluments	23,887,862	16,785,417	-	398,199
Defined contribution plans	2,395,476	2,103,099	-	54,304
Social security contributions	218,115	135,587	-	1,665
Other staff related expenses	1,051,759	706,644	-	39,308
	27,553,212	19,757,747	-	520,476

The Group's and the Company's staff costs do not include the estimated non-monetary value of benefits-in-kind amounting to RM668,757 and RM Nil (2017: RM685,510 and RM7,619) respectively.

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Executive Directors of the Company				
- Fees	-	27,000	-	27,000
- Salaries and other emoluments	2,591,009	2,591,348	-	274,191
- Defined contribution plans	240,575	364,092	-	41,550
- Social security contributions	3,363	3,797	-	690
	2,834,947	2,959,237	-	316,431
Executive Directors of the subsidiary company				
- Salaries and other emoluments	341,523	169,100	-	-
- Defined contribution plans	31,681	20,292	-	-
- Social security contributions	923	414	-	-
	374,127	189,806	-	-
Total remuneration of Executive Directors				
- Fees	-	27,000	-	27,000
- Salaries and other emoluments	2,932,532	2,760,448	-	274,191
- Defined contribution plans	272,256	384,384	-	41,550
- Social security contributions	4,286	4,211	-	690
	3,209,074	3,176,043	-	343,431

The Group's and the Company's aggregate amount of remuneration received and receivable by the Executive Directors do not include the estimated non-monetary value of benefits-in-kind amounting to RM115,210 and RM Nil (2017: RM114,950 and RM7,619) respectively.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes.

	Note	At 1 January RM	Financing cash flow (i) RM	New finance lease [Note 4(c)] RM	At 31 December RM
Group					
31.12.2018					
Term loans	23	64,572,266	914,368	-	65,486,634
Finance lease liabilities	23	8,436,881	226,468	37,161,805	40,964,083
Other bank borrowings	(ii)	33,406,834	91,781,513	-	125,188,347
		106,415,981	92,922,349	37,161,805	231,639,064
31.12.2017					
Term loans	23	29,900,316	34,671,950	-	64,572,266
Finance lease liabilities	23	3,629,291	(1,759,400)	6,566,989	8,436,880
Other bank borrowings	(ii)	5,277,744	28,129,090	-	33,406,834
		38,807,351	61,041,640	6,566,989	106,415,980
Company					
31.12.2018					
Other bank borrowings	(ii)	-	15,000,000	-	15,000,000

(i) The cash flows from term loans, finance lease liabilities and other bank borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

(ii) Other bank borrowings represent loans and borrowings other than as disclosed above.

34. FINANCIAL GUARANTEES

	Group 31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Unsecured			
Corporate guarantees issued to third parties in respect of trade facilities of subsidiary companies	9,970,676	15,757,720	6,644,090
Secured			
Bank guarantee issued in favour of the local authorities and developers for the performance of the construction works	9,970,676	15,757,720	6,644,090
	19,941,353	31,515,440	13,288,180

34. FINANCIAL GUARANTEES (CONT'D)

	Company 31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Unsecured			
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	84,370,245	38,146,124	5,950,000
Corporate guarantees issued to third parties in respect of trade facilities of subsidiary companies	25,067,000	1,000,000	1,000,000
	109,437,245	39,146,124	6,950,000

35. RELATED PARTY DISCLOSURES

(a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group 2018 RM	2017 RM
Transactions with related parties		
Income		
Contract revenue	480,922,390	519,583,267
Rental received/receivable	-	8,144
Expenses		
Purchase of materials	37,521,435	49,228,300
Purchase of property, plant and equipment	736,532	-
Interest on advances	-	108,074
Rental paid/payable	64,980	36,321

	Company 2018 RM	2017 RM
Transactions with subsidiary companies		
Interest on advances	2,363,451	307,214

35. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Remuneration of Directors and key management are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, fees and other emoluments	5,625,927	4,325,977	329,275	432,591
Defined contribution plans	503,542	588,178	-	41,550
Social security contributions	10,904	7,526	-	690
	6,140,373	4,921,681	329,275	474,831

36. SEGMENT INFORMATION

The Group has three major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Construction and trading	Design and build, civil engineering, general construction, piling activities, trading of construction materials and manufacturing of Industrialised Building System ("IBS") precast products (starting year 2018).
Property development	Development of residential and commercial properties
Others	Investment holding, providing of management services, hospitality and dormant

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

The total segment assets are measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer. Hence no disclosure is made on segment liabilities.

36. SEGMENT INFORMATION (CONT'D)

	Construction and trading RM	Property development RM	Others RM	Total segments RM	Adjustment and eliminations RM	Consolidated RM
Group						
2018						
Revenue						
Revenue from external customers	671,758,025	77,232,177	2,281,136	751,271,338	-	751,271,338
Inter-segment revenue	100,010,633	-	13,902	100,024,535	(100,024,535)	-
Total revenue	771,768,658	77,232,177	2,295,038	851,295,873	(100,024,535)	751,271,338
Results						
Interest income	107,747	6,531	11,124	125,402	-	125,402
Finance costs	(3,527,623)	-	(2,283,679)	(5,811,302)	-	(5,811,302)
Depreciation and amortisation	(7,806,924)	(5,400)	(3,696,573)	(11,508,897)	-	(11,508,897)
Share of profit of associates	(80,582)	-	-	(80,582)	-	(80,582)
Segment profit/(loss) before tax	42,553,541	8,123,655	(4,828,306)	45,848,890	-	45,848,890
Other non-cash items						
Impairment losses on:						
- trade receivables	23,237	78,733	-	101,970	-	101,970
- other receivables	164,005	-	-	164,005	-	164,005
- amount due from related companies	69,427	-	-	69,427	-	69,427
Property, plant and equipment written off	320,037	-	60,240	380,277	-	380,277
Gain on disposal of a subsidiary company	-	-	(1,520,970)	(1,520,970)	-	(1,520,970)
Gain on disposal of property, plant and equipment	(23,311)	-	(110)	(23,421)	-	(23,421)
Gain on unrealised foreign exchange	(129,232)	-	-	(129,232)	-	(129,232)
Reversal of impairment losses on:						
- trade receivables	(618)	-	-	(618)	-	(618)
- amount due from related companies	(2,127)	-	-	(2,127)	-	(2,127)
Segment assets						
Additions to non-current assets	68,001,220	-	1,143,980	69,145,200	-	69,145,200
Segment assets	623,288,649	130,024,940	288,875,078	1,042,188,667	-	1,042,188,667

36. SEGMENT INFORMATION (CONT'D)

	Construction and trading RM	Property development RM	Others RM	Total segments RM	Adjustment and eliminations RM	Consolidated RM
Group						
2017						
Revenue						
Revenue from external customers	632,780,235	59,532,487	331,059	692,643,781	-	692,643,781
Inter-segment revenue	33,886,741	-	-	33,886,741	(33,886,741)	-
Total revenue	666,666,976	59,532,487	331,059	726,530,522	(33,886,741)	692,643,781
Results						
Interest income	122,639	92	75,755	198,486	-	198,486
Finance costs	(2,197,968)	-	(1,204,170)	(3,402,138)	-	(3,402,138)
Depreciation and amortisation	(4,580,648)	(1,967)	(4,395,024)	(8,977,639)	-	(8,977,639)
Impairment loss on investment in an associate	34,315	-	-	34,315	-	34,315
Segment profit/ (loss) before tax	39,820,320	15,529,892	(5,231,360)	50,118,852	-	50,118,852
Other non-cash items						
Property, plant and equipment written off	21,975	-	-	21,975	-	21,975
Goodwill written off	-	-	3,142	3,142	-	3,142
Impairment losses on receivables	91,688	-	5,016	96,704	-	96,704
Inventories written off	48,027	-	-	48,027	-	48,027
Gain on disposal of property, plant and equipment	(193,778)	-	-	(193,778)	-	(193,778)
Reversal of impairment losses on:						
- trade receivables	(173,675)	7,089	-	(166,586)	-	(166,586)
- amount due from related companies	(6,152)	-	-	(6,152)	-	(6,152)
Segment assets						
Additions to non-current assets	11,345,398	27,000	2,690,052	14,062,450	-	14,062,450
Segment assets	421,171,859	98,623,266	296,836,778	816,631,903	-	816,631,903

36. SEGMENT INFORMATION (CONT'D)

Addition to non-current assets refer to capital expenditure of property, plant and equipment.

Inter-segment revenues are eliminated on consolidation.

No disclosure on geographical information for revenue and non-current assets as the Group operates predominantly in Malaysia.

Major customers

The following are major customers with revenue equal to or more than 10% of the Group revenue:

	Revenue 2018 RM	2017 RM	Segment
Related companies	513,887,828	519,583,267	Construction

37. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair values gains and losses are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Financial assets measured at amortised cost RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
31.12.2018			
Financial assets			
Trade receivables	165,470,053	-	165,470,053
Other receivables	10,324,315	-	10,324,315
Amount due from related companies	234,857,923	-	234,857,923
Amount due from an associate	40,000	-	40,000
Fixed deposits with licensed banks	2,361,330	-	2,361,330
Cash held under Housing Development Accounts	682,760	-	682,760
Cash and bank balances	14,998,536	-	14,998,536
	428,734,917	-	428,734,917
Financial liabilities			
Trade payables	-	280,242,015	280,242,015
Other payables	-	38,785,665	38,785,665
Amount due to related companies	-	18,250,646	18,250,646
Loans and borrowings	-	231,639,064	231,639,064
	-	568,917,390	568,917,390

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis: (Cont'd)

	Financial assets measured at amortised cost RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
31.12.2017			
Financial assets			
Trade receivables	93,484,964	-	93,484,964
Other receivables	26,623,382	-	26,623,382
Amount due from related companies	186,875,165	-	186,875,165
Fixed deposits with licensed banks	4,332,750	-	4,332,750
Cash held under Housing Development Accounts	61,724	-	61,724
Cash and bank balances	19,692,802	-	19,692,802
	331,070,787	-	331,070,787
Financial liabilities			
Trade payables	-	224,528,777	224,528,777
Other payables	-	13,773,321	13,773,321
Amount due to related companies	-	16,387,706	16,387,706
Loans and borrowings	-	106,415,981	106,415,981
	-	361,105,785	361,105,785
01.01.2017			
Financial assets			
Trade receivables	69,732,293	-	69,732,293
Other receivables	17,776,464	-	17,776,464
Amount due from related companies	164,218,630	-	164,218,630
Fixed deposits with licensed banks	1,995,056	-	1,995,056
Cash and bank balances	7,475,465	-	7,475,465
	261,197,908	-	261,197,908
Financial liabilities			
Trade payables	-	163,456,487	163,456,487
Other payables	-	16,451,738	16,451,738
Amount due to related companies	-	37,028,631	37,028,631
Loans and borrowings	-	38,807,351	38,807,351
	-	255,744,207	255,744,207

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis: (Cont'd)

	Financial assets measured at amortised cost RM	Financial liabilities measured at amortised cost RM	Total RM
Company			
31.12.2018			
Financial assets			
Other receivables	76,395	-	76,395
Amount due from subsidiary companies	64,444,553	-	64,444,553
Cash and bank balances	261,456	-	261,456
	64,782,404	-	64,782,404
Financial liabilities			
Other payables	-	680,195	680,195
Amount due to subsidiary companies	-	6,387,582	6,387,582
Loan and borrowings	-	15,000,000	15,000,000
	-	22,067,777	22,067,777
Company			
31.12.2017			
Financial assets			
Other receivables	58,240	-	58,240
Amount due from subsidiary companies	42,655,520	-	42,655,520
Cash and bank balances	3,618,211	-	3,618,211
	46,331,971	-	46,331,971
Financial liabilities			
Other payables	-	425,671	425,671
Amount due to subsidiary companies	-	6,502,754	6,502,754
	-	6,928,425	6,928,425
01.01.2017			
Financial assets			
Other receivables	119,259	-	119,259
Amount due from subsidiary companies	8,528,013	-	8,528,013
Amount due from related companies	5,238	-	5,238
Cash and bank balances	1,119,487	-	1,119,487
	9,771,997	-	9,771,997
Financial liabilities			
Other payables	-	2,005,320	2,005,320
Amount due to subsidiary companies	-	6,389,388	6,389,388
	-	8,394,708	8,394,708

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, amount due from related companies and deposits with licensed banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to licensed banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with licensed banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables, amount due from related companies and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables, amount due from related companies and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk.

The Group's has no significant concentration to credit risk except as disclosed in Note 13. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

Financial guarantees

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The Company's maximum exposure to credit risk amounting to RM84,370,245 (31.12.2017: RM38,146,124, 01.01.2017: RM5,950,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
31.12.2018						
Non-derivative financial liabilities						
Trade payables	280,242,015	-	-	-	280,242,015	280,242,015
Other payables	38,785,665	-	-	-	38,785,665	38,785,665
Amount due to related companies	18,250,646	-	-	-	18,250,646	18,250,646
Bank overdrafts	13,780,977	-	-	-	13,780,977	13,780,977
Finance lease liabilities	12,456,185	12,103,536	21,814,281	250,840	46,624,842	40,964,083
Term loans, trade services and revolving credit	109,528,719	8,038,069	43,349,219	28,667,831	189,583,838	176,894,004
	473,044,207	20,141,605	65,163,500	28,918,671	587,267,983	568,917,390
31.12.2017						
Non-derivative financial liabilities						
Trade payables	211,790,278	12,738,499	-	-	224,528,777	224,528,777
Other payables	13,773,321	-	-	-	13,773,321	13,773,321
Amount due to related companies	16,387,706	-	-	-	16,387,706	16,387,706
Bank overdrafts	13,561,604	-	-	-	13,561,604	13,561,604
Finance lease liabilities	3,248,088	2,496,980	3,100,193	434,086	9,279,347	8,436,881
Term loans and trade services	9,753,963	26,615,613	41,656,883	28,147,320	106,173,779	84,417,496
	308,075,467	41,851,092	44,757,076	28,581,406	383,704,534	361,105,785

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
01.01.2017						
Non-derivative financial liabilities						
Trade payables	163,456,487	-	-	-	163,456,487	163,456,487
Other payables	16,451,738	-	-	-	16,451,738	16,451,738
Amount due to related companies	37,028,631	-	-	-	37,028,631	37,028,631
Bank overdrafts	5,277,744	-	-	-	5,277,744	5,277,744
Financial lease liabilities	1,431,876	1,170,120	1,257,946	185,537	4,045,479	3,629,291
Term loans	2,994,002	3,108,418	9,618,834	26,831,882	42,553,136	29,900,316
	226,640,478	4,278,538	10,876,780	27,017,419	268,813,215	255,744,207

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
31.12.2018			
Non-derivative financial liabilities			
Other payables	680,196	680,196	680,196
Amount due to subsidiary companies	6,387,582	6,387,582	6,387,582
Revolving credit	15,000,000	15,000,000	15,000,000
Financial guarantees *	109,437,245	109,437,245	-
	131,505,023	131,505,023	22,067,778
31.12.2017			
Non-derivative financial liabilities			
Other payables	425,671	425,671	425,671
Amount due to subsidiary companies	6,502,754	6,502,754	6,502,754
Financial guarantees *	39,146,124	39,146,124	-
	46,074,549	46,074,549	6,928,425
01.01.2017			
Non-derivative financial liabilities			
Other payables	2,005,320	2,005,320	2,005,320
Amount due to subsidiary companies	6,389,388	6,389,388	6,389,388
Financial guarantees *	6,950,000	6,950,000	-
	15,344,708	15,344,708	8,394,708

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

The Company provides unsecured financial guarantee to licensed banks and financial institutions in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At the end of the reporting period, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Group			
Fixed rate instruments			
Financial assets	2,361,330	4,332,750	1,995,056
Financial liabilities	40,964,083	8,436,881	3,629,291
	43,325,413	12,769,631	5,624,347
Floating rate instruments			
Financial liabilities	190,674,981	97,979,100	35,178,060
Company			
Floating rate instruments			
Financial liabilities	15,000,000	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased / (decreased) the Group's and the Company's profit before tax by RM1,906,750 and RM150,000 (2017: RM979,791, 2017: RM Nil), arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in foreign currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk is United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial liabilities at the end of the reporting period are as follows:

	31.12.2018 USD RM	31.12.2017 USD RM	01.01.2017 USD RM
Group			
Other payables	1,266,763	-	-

The Group has minimal purchases denominated in foreign currencies. As such, the Group is not sensitive to foreign currency risk.

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (Cont'd)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	RM
Group				
31.12.2018				
Finance lease liabilities (Non-current)	-	30,488,199	-	30,798,315
31.12.2017				
Finance lease liabilities (Non-current)	-	5,187,732	-	5,584,726
01.01.2017				
Finance lease liabilities (Non-current)	-	2,385,159	-	2,381,444

(i) Policy on transfer between levels

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

There were no transfers between levels during the current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

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

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

38. CAPITAL MANAGEMENT

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at end of the reporting period are as follows:

	31.12.2018 RM	31.12.2017 RM Restated	01.01.2017 RM Restated
Group			
Bank overdrafts	13,780,977	13,561,604	5,277,744
Finance lease liabilities	40,964,083	8,436,881	3,629,291
Term loans	65,486,634	64,572,266	29,900,316
Trade services	76,389,720	19,845,230	-
Revolving credit	35,017,650	-	-
	231,639,064	106,415,981	38,807,351
Less:			
Fixed deposits with licensed banks	(2,361,330)	(4,332,750)	(1,995,056)
Cash held under Housing Development Accounts	(682,760)	(61,724)	-
Cash and bank balances	(14,998,536)	(19,692,802)	(7,475,465)
Net debt	213,596,438	82,328,705	29,336,830
Total equity	443,141,237	410,211,390	335,073,315
Net gearing ratio	0.48	0.20	0.09
Company			
Revolving credit	15,000,000	-	-
Less:			
Cash and bank balances	(261,456)	(3,618,211)	(1,119,487)
Net debt/(asset)	14,738,544	(3,618,211)	(1,119,487)
Total equity	343,627,783	340,655,133	301,959,787
Net gearing ratio	0.04	*	*

* Gearing ratio is not applicable as the Company has no borrowings.

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

39. SIGNIFICANT EVENTS

(a) On 3 January 2018, Bursa Malaysia Securities Berhad ("Bursa Securities") announced that the Company's securities would be traded and quoted under the new name with effect from 9.00 a.m, 4 January 2018.

The new stock short name was as follows: -

Type of Securities	Old Name	New Name	Old Stock Short Name	New Stock Short Name
Ordinary Shares	ML GLOBAL BERHAD	MGB BERHAD	ML GLOBAL	MGB
Warrants	ML GLOBAL BHD - WARRANTS A 2014/2019	MGB BHD - WARRANTS A 2014/2019	MLGLOBALWA	MGB-WA

(b) On 5 January 2018, MGB Land, a wholly-owned subsidiary company of the Company, had entered into a Share Sales Agreement for the acquisition of three hundred thousand (300,000) ordinary shares in Multi Court Developers Sdn. Bhd. ("MCDSB") for a cash consideration of Ringgit Malaysia Two Million Eight Hundred Thousand (RM2,800,000.00) only, resulting in MCDSB becoming an indirect wholly-owned subsidiary company of the Company.

(c) On 29 March 2018, MITCE, a wholly-owned subsidiary company of the Company, acquired fifteen thousand (15,000) ordinary shares, representing 30% equity interest in MGB JPC Consultancy Sdn. Bhd. ("MGB-JPC"), resulting in MGB-JPC becoming an associate company of MGB Group.

MGB-JPC was incorporated in Malaysia on 29 March 2018 as a private limited company and is having its share capital of RM50,000.00 comprising 50,000 ordinary shares. MGB-JPC is principally engaged in providing engineering consultancy services.

(d) On 26 December 2018, Vintage Roofing & Construction Sdn. Bhd. ("VRCSB"), a wholly-owned subsidiary company of the Company, disposed two (2) ordinary shares in Tirai Impresif Sdn. Bhd. ("TISB"), representing entire equity interest in TISB to Mr. Toh Chau Keong and Ms. Go Siok Hong for cash consideration of Ringgit Malaysia Two (RM2.00) only, resulting in TISB ceased to be an indirect subsidiary company of the Company.

40. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 April 2019.

LIST OF MAJOR PROPERTIES

Held As At 31 December 2018

LOCATION	DESCRIPTION	TENURE	NET BOOK VALUE RM'000	APPROXIMATELY LAND AREA / BUILT UP AREA	DATE OF ACQUISITION	APPROXIMATELY AGE OF BUILDING (YEARS)
HS(D) 43658, PT 633/ LOT 12021, Kawasan Perindustrian Nilai FASA 1, 71800 Nilai, Negeri Sembilan, Malaysia.	Industrial land with a single storey detached factory building and ancillary buildings	Leasehold 60 years expiring on 27.09.2045	11,818	348,741 sq ft / 124,399 sq ft	8-Mar-02	16
HS(D) LP6762-6771 No. PT 2539-2548, Langkap Light Industrial Park, Jalan Chui Chak, 36700 Langkap, Perak, Malaysia.	Industrial land with a single storey detached factory, single storey office block and ancillary buildings	Leasehold 60 years expiring on 29.11.2053	4,830	236,739 sq ft / 97,721 sq ft	4-Jun-02	22
H-G, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,917	221 Sq metre	18-Jun-15	8
H-7, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,303	280 Sq metre	18-Apr-11	8
H-3A, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,286	271 Sq metre	24-Jun-15	8
H-2, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,258	271 Sq metre	19-Oct-15	8
H-6, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,255	271 Sq metre	2-Aug-12	8
I-7, Block I, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	834	180 Sq metre	20-Apr-11	8
I-6, Block I, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	815	176 Sq metre	28-Mar-14	8
No 19, Jalan SP 7/7, Bandar Saujana Putra, Lebuhraya Elite, 42610 Jenjarom, Kuala Langat, Selangor, Malaysia.	Double storey terrace house	Leasehold 99 years expiring on 05.02.2094	403	112 Sq metre	25-Feb-13	5

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019

A. SHARE CAPITAL

Number of Issued Shares	:	496,913,552
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

B. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	4,270	66.119	50,579	0.010
100 - 1,000	1,024	15.856	495,010	0.099
1,001 - 10,000	756	11.706	3,203,177	0.644
10,001 - 100,000	297	4.598	9,633,663	1.938
100,001 – 24,845,676 (*)	105	1.625	188,136,425	37.860
24,845,677 AND ABOVE (**)	6	0.092	295,394,698	59.445
TOTAL	**6,458**	**100.000**	**496,913,552**	**100.000**

Remark : * - less than 5% of issued shares
** - 5% and above of issued shares

C. SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS

Substantial Shareholders

	Name	Direct		Indirect	
		No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1	LBS Bina Group Berhad	297,490,815	59.868	-	-
2	Gaterich Sdn Bhd	3,000,000	0.604	297,490,815[(a)]	59.868
3	Tan Sri Lim Hock San, *JP*	446,000	0.090	300,490,815[(b)]	60.471
4	Datuk Wira Lim Hock Guan, *JP*	1,520,000	0.306	300,490,815[(b)]	60.471
5	Datuk Lim Lit Chek	61,894,698	12.456	-	-

Directors' Interests in Shares

	Name	Direct		Indirect	
		No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1	Dato' Abdul Majit bin Ahmad Khan	-	-	-	-
2	Tan Sri Lim Hock San, *JP*	446,000	0.090	300,490,815[(b)]	60.471
3	Datuk Wira Lim Hock Guan, *JP*	1,520,000	0.306	300,490,815[(b)]	60.471
4	Datuk Lim Lit Chek	61,894,698	12.456	61,500[(c)]	0.012
5	Lim Kim Hoe	-	-	-	-
6	Chin Sui Yin	-	-	-	-
7	Dato' Beh Hang Kong	2,034,004	0.409	-	-
8	Nadhirah binti Abdul Karim	-	-	-	-

(a) *Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad.*

(b) *Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd.*

(c) *Deemed interested by virtue of Section 59(11)(c) of the Companies Act, 2016.*

D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	Shares Held	Percentage (%)
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD LBS BINA GROUP BERHAD (3RD PARTY EDSP)	103,900,000	20.909
2.	LIM LIT CHEK	61,894,698	12.455
3.	RHB NOMINEES (TEMPATAN) SDN BHD INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	48,100,000	9.679
4.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD (SSA)	30,800,000	6.198
5.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR LBS BINA GROUP BERHAD	25,700,000	5.171
6.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR LBS BINA GROUP BERHAD	25,000,000	5.031
7.	KENANGA CAPITAL SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	22,400,000	4.507
8.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD (TMI)	22,000,000	4.427
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LBS BINA GROUP BERHAD	18,762,929	3.775
10.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	11,083,000	2.230
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	9,871,800	1.986
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	9,222,900	1.856
13.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	6,230,900	1.253
14.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	5,794,300	1.166
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KENANGA)	5,542,600	1.115
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	5,202,500	1.046
17.	YAYASAN GURU TUN HUSSEIN ONN	5,100,000	1.026

D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (CONT'D)

No.	Name	Shares Held	Percentage (%)
18.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	4,628,000	0.931
19.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	3,921,000	0.789
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	3,000,000	0.603
21.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD – KENANGA MALAYSIAN INC FUND	2,560,600	0.515
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)	2,415,100	0.486
23.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KENANGA ISLAMIC FUND	2,360,300	0.474
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	2,330,000	0.468
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	2,183,100	0.439
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	1,960,800	0.394
27.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD – KENANGA PREMIER FUND	1,901,600	0.382
28.	LEMBAGA TABUNG HAJI	1,864,400	0.375
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	1,861,404	0.374
30.	LIM HOCK GUAN	1,520,000	0.305
Total		**449,111, 931**	**90.380**

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES HOLDINGS

AS AT 29 MARCH 2019

A. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Number of Issued ICPS	:	180,000,000
Number of ICPS Exercised	:	90,000,000
Number of ICPS Not Exercised	:	90,000,000
Number of ICPS Holders	:	2

B. DIRECTORS' ICPS HOLDINGS

		Direct		Indirect	
	Name	No. of ICPS Held	Percentage (%) Held	No. of ICPS Held	Percentage (%) Held
1	Dato' Abdul Majit bin Ahmad Khan	-	-	-	-
2	Tan Sri Lim Hock San, *JP*	-	-	67,500,000[(a)]	75.000
3	Datuk Wira Lim Hock Guan, *JP*	-	-	67,500,000[(a)]	75.000
4	Datuk Lim Lit Chek	22,500,000	25.000	-	-
5	Lim Kim Hoe	-	-	-	-
6	Chin Sui Yin	-	-	-	-
7	Dato' Beh Hang Kong	-	-	-	-
8	Nadhirah binti Abdul Karim	-	-	-	-

(a) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd.

C. LIST OF ICPS HOLDERS

No.	Name	ICPS Held	Percentage (%)
1.	LBS BINA GROUP BERHAD	67,500,000	75.000
2.	LIM LIT CHEK	22,500,000	25.000
	Total	**90,000,000**	**100.000**

ANALYSIS OF WARRANT HOLDINGS

AS AT 29 MARCH 2019

A. WARRANTS

Number of Issued Warrants	:	26,748,600
Number of Warrants Exercised	:	21,517,958
Number of Warrants Not Exercised	:	5,230,642
Number of Warrants Holders	:	352

B. DISTRIBUTION OF WARRANTS SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 – 99	33	9.375	1,085	0.020
100 - 1,000	161	45.738	75,762	1.448
1,001 - 10,000	95	26.988	413,213	7.899
10,001 - 100,000	54	15.340	1,679,071	32.100
100,001 – 261,531 (*)	4	1.136	649,430	12.415
261,532 AND ABOVE (**)	5	1.420	2,412,081	46.114
TOTAL	**352**	**100.000**	**5,230,642**	**100.000**

Remark : * - less than 5% of issued warrants
** - 5% and above of issued warrants

C. DIRECTORS' WARRANTS HOLDINGS

	Name	Direct		Indirect	
		No. of Warrants Held	Percentage (%) Held	No. of Warrants Held	Percentage (%) Held
1	Dato' Abdul Majit bin Ahmad Khan	-	-	-	-
2	Tan Sri Lim Hock San, *JP*	-	-	5,514[(a)]	0.105
3	Datuk Wira Lim Hock Guan , *JP*	-	-	5,514[(a)]	0.105
4	Datuk Lim Lit Chek	-	-	-	-
5	Lim Kim Hoe	-	-	-	-
6	Chin Sui Yin	-	-	-	-
7	Dato' Beh Hang Kong	1,243,381	23.771	-	-
8	Nadhirah binti Abdul Karim	-	-	-	-

(a) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd.

D. LIST OF TOP 30 LARGEST WARRANTS ACCOUNTS HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	Warrants Held	Percentage (%)
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	948,381	18.131
2.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HOCK SEONG (MARGIN)	408,700	7.813
3.	LIM MOOI PANG	400,000	7.647
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN ENG NAM (CEB)	360,000	6.882
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR BEH HANG KONG (M28015)	295,000	5.639
6.	NGOI YOO WEE	222,500	4.253
7.	GO HOOI MENG	168,500	3.221
8.	LUI AH NGAU @ LUI WIN SOONG	157,200	3.005
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN KWANG KUI (MQ0002)	101,230	1.935
10.	CHUNG AI KEE	100,000	1.911
11.	CHONG CHING YEE	86,400	1.651
12.	FOON LAI YAN	80,000	1.529
13.	CHEOK KIM LAN	70,000	1.338
14.	LIM CHIM CHUAN	68,000	1.300
15.	CHAN KEAN HUAT	66,000	1.261
16.	TAN KHAY LONG	65,000	1.242
17.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH SIEW WAI	54,000	1.032
18.	CHEAH SIEW WAI	53,600	1.024
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT AMBANK (M) BERHAD FOR CHIA LOK YUEN (SMART)	50,000	0.955
20.	LIM SIEW WEI	50,000	0.955
21.	TAN KEN YAP	43,800	0.837
22.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW PENG WAH	40,000	0.764
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG FOOK CHEE (E-BPJ/TDA)	40,000	0.764
24.	SENSASI RIA SDN BHD	40,000	0.764
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG FOOK CHEE (470020)	37,870	0.724
26.	LAU FONG CHEONG	37,500	0.716
27.	LOH YIN HUI	31,000	0.592
28.	CHUAR YEJUAN	30,000	0.573
29.	TAN CHIN HOONG	30,000	0.573
30.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO TSUEY KHEM	29,000	0.554
Total		**4,163,681**	**79.601**

NOTICE OF SEVENTEENTH (17TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth (17th) Annual General Meeting of the Company will be held at Ballroom III, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 18 June 2019 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Note 1**

2. To approve the payment of Directors' Fees and allowance of RM167,450.00 for the financial year ended 31 December 2018. **Resolution 1**

3. To re-appoint Dato' Abdul Majit bin Ahmad Khan as Director of the Company in accordance with Article 89(g) of the Company's Constitution. **Resolution 2**

4. To re-elect the following Directors who retire in accordance with Article 90 of the Company's Constitution:-

   i) Dato' Beh Hang Kong; and **Resolution 3**
   ii) Mr Chin Sui Yin. **Resolution 4**

5. To re-elect Puan Nadhirah binti Abdul Karim who retires in accordance with Article 95 of the Company's Constitution. **Resolution 5**

6. To re-appoint Messrs. UHY as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

7. **As Special Business:**
   To consider and, if thought fit, to pass with or without any modifications, the following resolutions:-

   (a) **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

   "THAT subject always to the Companies Act, 2016 ("**Act**"), the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or person whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being;

   AND THAT the Directors be also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad ("**Bursa Securities**");

   AND THAT such authority shall be continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**

(b) **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT approval be and is hereby given pursuant to Chapter 10.09 of the Main Market Listing Requirements of Bursa Securities for the Company and its subsidiaries ("**the Group**") to enter into the specified recurrent transactions of a revenue or trading nature with the related parties as stated in Section 2.4 of the Part A of the Circular to Shareholders dated 25 April 2019 ("**the Circular**") which is necessary for its day-to-day operations, in its ordinary course of business, made on an arm's length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company;

AND THAT the approval given in the aforesaid paragraph, unless revoked or varied by the shareholders of the Company in its general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, following this general meeting at which this mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed or the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act), whichever is earlier;

AND THAT the aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year of the Company be disclosed in the annual report by providing a breakdown of the aggregate value of the transaction, amongst others, based on the following information:-

(i) the type of transactions made; and
(ii) the names of the related parties involved in each type of transactions made and their relationship with the Company and its subsidiaries.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required or approved or permitted by the relevant authorities) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate described in the Circular and/or this resolution." **Resolution 8**

(c) **SPECIAL RESOLUTION**
PROPOSED ALTERATION OR AMENDMENT OF THE CONSTITUTION OF THE COMPANY

"THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in Appendix II of the Circular to Shareholders dated 25 April 2019 with immediate effect;

AND THAT the Directors of the Company be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Special Resolution**

8. To consider any other business of which due notice shall have been given.

By Order of the Board,

YEO WEE CHING (MAICSA 7063236)
Company Secretary

Petaling Jaya, Selangor
Date : 25 April 2019

Notes:

(a) A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company.

(b) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

*(c) Where a member is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with provision of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

(d) If no name is inserted for the name of proxy in the Proxy Form, the Chairman of the general meeting will act as the proxy.

(e) The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

(f) The Proxy Form or other instruments of appointment must be deposited at I-6, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

(g) For the purpose of determining a member who shall be entitled to attend the general meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at Tuesday, 11 June 2019. Only members whose name appears on the Record of Depositors as at 11 June 2019 shall be entitled to attend and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes to the Agenda:

1. ***Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2018***

   Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. ***Ordinary Resolution 1 – Payment of Directors' Fees and Allowance to Directors***

   The breakdown of the proposed payment of Directors' fees and meeting allowance to Non-Executive Directors amounting to RM167,450.00 for the financial year ended 31 December 2018 is as set out below:

	RM per annum
Directors' Fees	*145,200*
Meeting Allowance	*22,250*
Total	***167,450***

3. ***Ordinary Resolution 2 – Re-appointment of Dato' Abdul Majit bin Ahmad Khan***

   This Agenda item is to discuss the re-appointment of Dato' Abdul Majit bin Ahmad Khan who is retiring under the resolution passed at the last Annual General Meeting held on 5 June 2018 and pursuant to Article 89(g) of the Constitution of the Company states that the office of a director shall be vacated at the conclusion of the next annual general meeting after he attains the age of seventy (70) years.

4. ***Ordinary Resolution 7 – Authority to Directors to Allot and Issue Shares***

   The Ordinary Resolution proposed under Resolution 7 above for the renewal of general mandate in relation to the authorisation for issuance of shares by the Directors, if passed, will enable the Directors to issue up to 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next annual general meeting.

   The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisition.

   As at the date of this Notice, no new share of the Company was issued pursuant to the mandate granted to the Directors at the Sixteenth Annual General Meeting held on 5 June 2018.

5. ***Ordinary Resolution 8 – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature***

   Ordinary Resolution 8, if passed, will allow the Company and/or its subsidiaries to enter into the Recurrent Related Party Transactions in its ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur would not arise. This will reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

   Further information on the Recurrent Related Party Transactions is set out in the Part A of the Circular to Shareholders dated 25 April 2019 which is despatched together with the Annual Report 2018 of the Company.

6. ***Special Resolution – Proposed Alteration or Amendment of the Constitution of the Company***

   This proposed Special Resolution, if passed, will enable the Company to align the Constitution of the Company with the relevant provisions of the Act and Listing Requirements of Bursa Securities.

   Further information on the Proposed Alteration or Amendment of the Constitution of the Company is set out in the Part B of the Circular to Shareholders dated 25 April 2019 which is despatched together with the Annual Report 2018 of the Company.

This page is intentionally left blank.

MGB BERHAD
(589167-W)

VALUE DRIVEN INNOVATION

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

PROXY FORM

I/We (*Full Name in Block Letters*)

NRIC No. / Passport No. / Company No.

of

being a member / members of **MGB Berhad** hereby appoint

NRIC No. / Passport No.

of

and/or

NRIC No. / Passport No.

of

or failing *him/her, the Chairman of the Meeting as my/our proxy to vote and act on my/our behalf at the Seventeenth (17th) Annual General Meeting of the Company to be held at Ballroom III, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 18 June 2019 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Special Resolution		

Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting at his/her direction.

Signed this __________ day of ____________________, 2019.

Signature : ____
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares:

Percentage : %

Second Proxy
No. of Shares:

Percentage : %

NOTES:

1. *A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *Where a member is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with provision of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *If no name is inserted for the name of proxy in the Proxy Form, the Chairman of the general meeting will act as the proxy.*
5. *The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.*
6. *The Proxy Form or other instruments of appointment must be deposited at I-6, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *For the purpose of determining a member who shall be entitled to attend the general meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at Tuesday, 11 June 2019. Only members whose name appears on the Record of Depositors as at 11 June 2019 shall be entitled to attend and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

Fold this flap for sealing

2nd Fold here

AFFIX STAMP

THE COMPANY SECRETARY

MGB BERHAD
(Company No. 589167-W)
I-6, Sunway PJ@51A, Jalan SS9A/19
Seksyen 51A, 47300 Petaling Jaya
Selangor Darul Ehsan, Malaysia

1st Fold here

MGB BERHAD
(Company No.: 589167-W)

H-G, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A,
47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Tel : +603 7874 5888 Fax : +603 7874 5889

www.mgbgroup.com.my