ANNUAL REPORT 2019

PINTARAS JAYA BERHAD

(189900-H)

Contents

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting ("AGM") of the Company will be held at OWG, Inspire Ballroom, No. 10, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25th October 2019 at 10:00 a.m. for the following purposes:-

AGENDA

Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon. (Please refer to Note A)

2. To approve the payment of a final single-tier dividend of 12 sen per ordinary share for the financial year ended 30 June 2019. (Ordinary Resolution 1)

3. To approve the payment of Directors' Fees of RM90,000.00 for the financial year ending 30 June 2020. (Ordinary Resolution 2)

4. To re-elect the following Directors who are retiring in accordance with Article 73 of the Company's Constitution, and being eligible, have offered themselves for re-election :-

   (i) Dr. Chiu Hong Keong; and (Ordinary Resolution 3)
   (ii) Mr. Arnold Kwan Poon Keong. (Ordinary Resolution 4)

5. To re-elect Mr. Chiu Wei Siong who is retiring in accordance with Article 78 of the Company's Constitution, and being eligible, has offered himself for re-election. (Ordinary Resolution 5)

6. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

Special Business:

To consider and, if thought fit, to pass the following Ordinary Resolutions and Special Resolution, with or without modifications:-

As Ordinary Resolution

7. **Proposed Retention of Independent Non-Executive Directors**

   "**THAT** approval be and is hereby given to Mr. Arnold Kwan Poon Keong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017." (Ordinary Resolution 7)

8. "**THAT** approval be and is hereby given to Mr. Chang Cheng Wah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017." (Ordinary Resolution 8)

9. **Authority to Issue Shares** (Ordinary Resolution 9)

   "**THAT** subject to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

10. **Proposed Renewal of Authority for the Company to Purchase its Own Shares (“Proposed Renewal of Share Buy-Back Authority”)** (Ordinary Resolution 10)

“**THAT** subject to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

(i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits; and
(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or to resell the shares, or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration;

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

(i) the conclusion of the next Annual General Meeting (“AGM”) at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

As Special Resolution:

11. To consider and, if thought fit, to pass the following Special Resolution with or without modifications:-

Proposed Adoption of New Constitution of the Company (Special Resolution 1)

“**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association/Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 26 September 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the 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.

AND THAT the Secretaries be hereby authorised and instructed to do all the necessary and deemed fit to lodge the Constitution as adopted herewith with the Companies Commission of Malaysia for and on behalf of the Company in accordance with Section 36 of the Act.”

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Thirtieth AGM, a final single-tier dividend of 12 sen per ordinary share for the financial year ended 30 June 2019 will be paid on 9 January 2020 to the shareholders whose names appear on the Record of Depositors at the close of business on 26 December 2019.

A depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4:30 p.m. on 26 December 2019 in respect of ordinary transfers; and

(b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

NG SALLY (MAICSA 7060343)
HUNG WEN RONG (MAICSA 7072291)
Company Secretaries

Shah Alam
26 September 2019

Notes:-

A. This Agenda is meant for discussion only as the provision of Section 248 and Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

2. To be valid, the instrument appointing a proxy duly completed must be deposited at the Registered Office at No. 8, Jalan Majistret U1/26, HICOM-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.

3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

7. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

8. A depositor shall not be regarded as a member entitled to attend this general meeting and to speak and vote thereat unless his/her name appears in the Register of Members and/or Record of Depositors as at 18 October 2019 issued by Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") upon request by the Company in accordance with the rules of the Bursa Depository.

Explanatory Notes on Special Business and Special Resolution 1

9. Proposed retention of Independent Non-Executive Directors (Ordinary Resolutions 7 and 8)

The Board and the Nomination Committee have assessed the independence of Mr. Arnold Kwan Poon Keong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years whereas Mr. Chang Cheng Wah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

a) They fulfill the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, are able to provide a check and balance by bringing an element of objectivity and independent judgement to the Board's deliberation. Further, they have exercised due care and diligence during their tenure as an Independent Non-Executive Directors of the Company and have carried out their duties professionally and objectively in the best interest of the Company and shareholders;
b) They bring with them vast experience and expertise to complement the competencies of the other Directors to enhance boardroom discussion and decision;
c) They have been with the Company for more than nine (9) or twelve (12) years and accordingly, are familiar with the nuances and understand the Group's business operations; and
d) The Company does not wish to carry out the two-tier voting and the reasons for this departure can be found under Practice 4.2 of the Corporate Governance Report.

10. Authority to Issue Shares (Ordinary Resolution 9)

The proposed Ordinary Resolution 9 will give powers to the Directors of the Company to issue ordinary shares in the capital of the Company up to an aggregate amount of not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for the purpose of increasing the capacity of current business operations for long term growth and to cater for additional working capital requirements in line with the Company's expansion and diversification plans. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's AGM and accordingly no proceeds were raised.

This authority, unless revoked or varied at a General Meeting, will expire at the next AGM of the Company.

11. Proposed Renewal of Share Buy-Back Authority (Ordinary Resolution 10)

The details of the Proposed Renewal of Share Buy-Back Authority details as set out in Part A of the Circular to Shareholders dated 26 September 2019 despatched together with the Annual Report.

12. Proposed Adoption of New Constitution of the Company (Special Resolution 1)

The proposed Special Resolution, if passed, will give full effect to the proposed adoption of new Constitution of the Company by revoking the existing Memorandum and Articles of Association/Constitution with the new set of Constitution, details as set out in Part B of the Circular to Shareholders dated 26 September 2019.

The rationale of the proposed adoption of new Constitution is to ensure compliance and to bring the Constitution of the Company in line with the following laws and regulations:-

- *Amended Main Market Listing Requirement of the Bursa Malaysia Securities Berhad; and*
- *Companies Act 2016.*

BOARD OF DIRECTORS

DR CHIU HONG KEONG
Chairman/Managing Director

KHOO YOK KEE
Executive Director

CHIU WEI WEN
Executive Director

CHIU WEI SIONG *(Appointed on 15 February 2019)*
Non-Independent Non-Executive Director

KONG KIM PIEW *(Resigned on 15 November 2018)*
Independent Non-Executive Director

CHANG CHENG WAH
Independent Non-Executive Director

ARNOLD KWAN POON KEONG
Independent Non-Executive Director

COMPANY SECRETARIES

NG SALLY (MAICSA 7060343)
HUNG WEN RONG (MAICSA 7072291)

REGISTERED OFFICE

NO. 8 JALAN MAJISTRET U1/26
HICOM-GLENMARIE INDUSTRIAL PARK
40150 SHAH ALAM
SELANGOR DARUL EHSAN
TEL : 03-5569 1516
FAX : 03-5569 1517
E-MAIL : info@pintaras.com.my

REGISTRAR

BOARDROOM SHARE REGISTRARS SDN BHD
(formerly known as Symphony Share Registrars Sdn Bhd)
LEVEL 6 SYMPHONY HOUSE
PUSAT DAGANGAN DANA 1
JALAN PJU 1A/46
47301 PETALING JAYA
SELANGOR DARUL EHSAN
TEL : 03-7849 0777
FAX : 03-7841 8151/8152

PRINCIPAL BANKERS

UNITED OVERSEAS BANK
MALAYAN BANKING BERHAD

AUDITORS

MESSRS PRICEWATERHOUSECOOPERS PLT
(LLP0014401-LCA & AF 1146)
10TH FLOOR 1 SENTRAL
JALAN RAKYAT
KUALA LUMPUR SENTRAL
50706 KUALA LUMPUR

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA MALAYSIA
SECURITIES BERHAD
Sector : Construction
Stock Name : PTARAS

WEBSITE

www.pintaras.com.my

DR. CHIU HONG KEONG

Dr. Chiu Hong Keong, a Malaysian, male, aged 64 is the founder member of Pintaras Jaya Berhad ("Pintaras Jaya") and was appointed as the Managing Director of the Company since 23 November 1989 and elected as the Chairman of the Board on 18 October 1994. He is a member of the Risk Management Committee. He graduated with a Bachelor of Civil Engineering degree (1st Class Honours) from the University of Auckland, New Zealand in 1977 and obtained his Doctorate of Philosophy degree in Engineering from Monash University, Australia in 1982. He worked as a Geotechnical Engineer with the Victorian Country Roads Board of Australia for a brief stint before returning to Malaysia to join Pilecon Engineering Bhd in 1982 as a Geotechnical Engineer. In 1983, he joined Ho Hup Construction Company Sdn Bhd from 1984 until 1989. He holds a total of 96,534,096 shares (direct and indirect) in Pintaras Jaya and is deemed to have an interest in the shares of the subsidiary companies to the extent held by Pintaras Jaya. He is the spouse of Madam Khoo Yok Kee, an Executive Director and is deemed a major shareholder of Pintaras Jaya, the father of Mr. Chiu Wei Wen, an Executive Director of Pintaras Jaya and Mr. Chiu Wei Siong, a Non-Independent Non-Executive Director of Pintaras Jaya.

KHOO YOK KEE

Madam Khoo Yok Kee, a Malaysian, female, aged 59 is an Executive Director of Pintaras Jaya. She was appointed to the Board on 18 March 1991. She serves as the Chairperson of the Risk Management and ESOS Committees. She graduated with a Bachelor of Economics (Accounting) degree from Monash University, Australia in 1982. She obtained her Master of Business Administration from Southern Cross University, Australia in 2000. She is a Fellow of CPA Australia and a member of the Malaysian Institute of Accountants. She has many years of experience in accounting, marketing, finance, administration and corporate affairs. She holds a total of 96,534,096 shares (direct and indirect) in Pintaras Jaya and is deemed to have an interest in the shares of the subsidiary companies to the extent held by Pintaras Jaya. She is the spouse of Dr. Chiu Hong Keong, the Managing Director and is deemed a major shareholder of Pintaras Jaya, the mother of Mr. Chiu Wei Wen, an Executive Director of Pintaras Jaya and Mr. Chiu Wei Siong, a Non-Independent Non-Executive Director of Pintaras Jaya.

CHIU WEI WEN

Mr. Chiu Wei Wen, a Malaysian, male, aged 34 is an Executive Director of Pintaras Jaya. He was appointed to the Board on 20 October 2011. He is a member of the Risk Management and ESOS Committees. He graduated with a Bachelor of Science (Information System) and a Graduate Diploma in Management from the University of Melbourne in 2007 and 2010 respectively. He has worked with IBM Australia as a consultant, servicing the toll road, telecommunications, government agencies as well as the banking industry. He has experience in developing, testing, support and business analyst roles within the IT industry. He holds a total of 948,500 shares directly in Pintaras Jaya and is deemed to have an interest in the shares of the subsidiary companies to the extent held by Pintaras Jaya. He is the son of Dr. Chiu Hong Keong, the Managing Director and a major shareholder of Pintaras Jaya and Madam Khoo Yok Kee, the Executive Director and deemed a major shareholder of Pintaras Jaya and brother of Mr. Chiu Wei Siong, a Non-Independent Non-Executive Director of Pintaras Jaya.

CHIU WEI SIONG

Mr. Chiu Wei Siong, a Malaysian, male, aged 32 is a Non-Independent Non-Executive Director of Pintaras Jaya. He was appointed to the Board on 15 February 2019. He is a member of the Audit Committee. He graduated with a Bachelor of Commerce (Marketing) from Monash University in 2009. He has experience in marketing, warehousing management and distribution within the e-commerce industry. He does not hold any securities, directly in Pintaras Jaya or any of its subsidiaries. He is the son of Dr. Chiu Hong Keong, the Managing Director and a major shareholder of Pintaras Jaya and Madam Khoo Yok Kee, the Executive Director and deemed a major shareholder of Pintaras Jaya and brother of Mr. Chiu Wei Wen, an Executive Director of Pintaras Jaya.

CHANG CHENG WAH

Ir. Chang Cheng Wah, a Malaysian, male, aged 62 is an Independent Non-Executive Director of Pintaras Jaya. He was appointed to the Board on 28 October 1994. He serves as the Chairman of the Remuneration and Nomination Committees and is a member of the Audit and ESOS Committees. He graduated with a Bachelor of Science in Civil Engineering (Honours) degree from the University of Newcastle Upon-Tyne, United Kingdom in 1980. He was attached to Arup Jururunding Sdn Bhd for 8 years. He joined Zainuddin Radzi & Rakan-Rakan in 1989 as a partner where he headed the Civil and Structural engineering works department of the firm. Presently, he is the managing director of Perunding ACE Sdn Bhd. He does not hold any securities, direct or indirect, in Pintaras Jaya or any of its subsidiaries. He has no family relationship with any Director and/or major shareholder of Pintaras Jaya.

ARNOLD KWAN POON KEONG

Mr. Arnold Kwan Poon Keong, a Malaysian, male, aged 58 is an Independent Non-Executive Director of Pintaras Jaya. He was appointed to the Board on 3 November 2008. He serves as the Chairman of the Audit Committee and is a member of the Remuneration and Nomination Committees. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) UK. He has many years of experience in the financial services industry, having worked with both local and international financial institutions in various capacities. He has experience in risks management, corporate finance, capital markets, wealth management services and private banking. He has also set up and managed investment banking, financial risk analytics, corporate and commercial banking departments for international banks in Malaysia. He is presently a corporate advisor to some private companies. He does not hold any securities, direct or indirect, in Pintaras Jaya or any of its subsidiaries. He has no family relationship with any Director and/or major shareholder of Pintaras Jaya.

GENERAL INFORMATION

All the Directors do not hold any other directorships of public companies save for Mr. Arnold Kwan Poon Keong who currently sits on the Board of Jerasia Capital Berhad as an Independent Non-Executive Director.

None of the Directors have any conflict of interest with Pintaras Jaya.

None of the Directors have had convictions for any offences within the past five (5) years.

All the Directors attended six (6) Board Meetings of Pintaras Jaya held for the financial year ended 30 June 2019, except for Mr. Chiu Wei Siong (appointed on 15 February 2019), who attended four (4) out of four (4) Board Meetings.

LIM CHEE ENG

Mr. Lim Chee Eng, a Malaysian, male, aged 59 is the Chief Executive Officer and Director of the Company's subsidiaries in Singapore, namely Pintary International Pte. Ltd., Pintary Foundations Pte. Ltd. and Pintary Geotechnics Pte. Ltd. He was appointed on 1 May 2017. He is also an Executive Director of the Company's subsidiary in Malaysia, Pintaras Geotechnics Sdn. Bhd., assisting in overseeing and managing the overall operations of the Construction Division in Malaysia. He was appointed on 1 October 2018. Mr Lim graduated with Bachelor of Engineering (Hon) and Master in Science (Civil). He has over 30 years of experience in the piling industry.

TEE SOON TECK

Mr. Tee Soon Teck, a Malaysian, male, aged 49 is a Senior General Manager (Operations) of the Company, overseeing the day to day operations of the Construction Division in Malaysia. He was appointed on 29 March 2017. Mr Tee graduated with a Bachelor of Engineering (Hon) Civil. He has over 25 years of experience in the piling industry.

TAN YONG KWANG

Mr. Tan Yong Kwang, a Singaporean, male, aged 36 is a General Manager of the Company's subsidiary, Pintary Foundations Pte. Ltd., overseeing the day to day operations of the Construction Division in Singapore. He was appointed on 1 April 2017. Mr Tan graduated with a Bachelor in Applied Science in Construction Management and Diploma in Civil & Structural Engineering. He has over 14 years of experience in the piling industry.

LIM DING TSAIR

Mr. Lim Ding Tsair, a Malaysian, male, aged 58 is a General Manager (Manufacturing) of the Company, overseeing the day to day operations of the Manufacturing Division. He joined the Company on 5 October 1992 as a Factory Manager and subsequently promoted to General Manager on 1 January 2017. He has over 25 years of experience in the manufacturing industry.

GENERAL INFORMATION

The key senior management has no family relationship with any Director and/or major shareholder of Pintaras Jaya.

The key senior management does not hold any other directorships in public companies.

None of the key senior management has any conflict of interest with Pintaras Jaya.

None of the key senior management has had convictions for any offences within the past five (5) years.

The Board of Pintaras Jaya Berhad ("PJB") is committed to upholding the principles of corporate governance in the Malaysian Code on Corporate Governance 2017 ("the Code"). It applies good corporate governance by having in place processes and structure to direct and manage the business and affairs of PJB as a fundamental part of discharging its responsibility to protect and enhance shareholder value.

The Board is pleased to provide the following statement which explains how the Company and the Group have set out to ensure the application of the principles and recommendations of the Code and the extent of compliance with the Code as required under the Main Market Listing Requirements ("MMLR"). This statement is to be read together with the Corporate Governance Report of the Company which is available on Bursa Malaysia Securities Berhad's website and the Company's website at www.pintaras.com.my.

THE BOARD OF DIRECTORS

The Board's main responsibility is to lead and manage the Group in an effective manner including charting its overall strategic direction and to retain full and effective control over the Group's activities. One of its main functions is to ensure that appropriate and efficient systems and processes are implemented to manage the Group's financial and operational risks. Towards this end, the Board is assisted by a team of capable and experienced management team to oversee the daily operations of the Group. The Board also delegates and confers some of its authorities on properly constituted committees comprising Non-Executive Directors which operate within their Terms of Reference.

Board Charter

A Board Charter was established and approved by the Board on 27 August 2013 and reviewed on 29 August 2016. The objective of the Board Charter is to ensure that all Board members are aware of their duties and responsibilities as Board members, the various legislations and regulations including the Code of Ethics for directors issued by the Companies Commission of Malaysia and that the practices of good Corporate Governance are applied in all dealings by Board members individually and/or on behalf of the Group.

The Board Charter is available at the Company's website.

Code of Conduct

The Group recognises it has obligations to protect and contribute positively to the needs of a range of stakeholders in the community and environment in which it operates. Towards this end, the Group has adopted a Code of Conduct which covers a wide range of business practices and procedures to guide employees and to create awareness in support of its Corporate Social Responsibility initiatives. The Code includes guidelines to appropriate workplace and marketplace behaviour. Employee health and well-being is constantly looked after through the effective and stringent implementation of good Occupational Safety and Health practices in all its business operations. The Code also enunciates the Group's approach to supporting community and environmental programmes.

The Code of Conduct is made available on the Company's website.

Board Structure and Procedures

The current composition of the Board comprises three (3) Executive Directors, one (1) Non-Independent Non-Executive Director, and two (2) Independent Non-Executive Directors. The composition of the Board fulfils the MMLR of having at least two (2) or one-third (1/3) of the Board comprising of Independent Directors. The Board has vast range of experience and knowledge in the areas of business, marketing, engineering and finance. The Non-Independent Non-Executive Director and Independent Non-Executive Directors do not form part of the management and the Independent Non-Executive Directors are not related to major shareholders. They exercise their unbiased independent judgement freely and do not have any business or other relationships that may potentially interfere with their duties. Board balance is achieved with the contribution of the Non-Independent Non-Executive Director and Independent Non-Executive Directors and fair representation of the shareholders' interests. Brief profiles of the Directors are set out on pages 7 to 8 of this Annual Report.

The Board is responsible for the control and management of the PJB Group. The Directors meet at least four (4) times a year with additional meetings convened when necessary. During the financial year ended 30 June 2019, the Board conducted six (6) board meetings and each Board member has fulfilled the required attendance of board meetings under Paragraph 15.05 of the Listing Requirements. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. This is evidenced by the attendance record of the Directors at Board Meetings during the year as follows:-

Directors	**No. of Meetings Attended**
Dr. Chiu Hong Keong	6/6
Khoo Yok Kee	6/6
Chiu Wei Wen	6/6
Chiu Wei Siong *(Appointed on 15 February 2019)*	4/4
Kong Kim Piew *(Resigned on 15 November 2018)*	2/2
Chang Cheng Wah	6/6
Arnold Kwan Poon Keong	6/6

The approval of the Board is required for material transactions which includes large capital expenditure, restructuring, acquisition and disposal of significant assets, investment proposals, periodic announcement of financial results and annual report.

During the year, major items on the agenda of Board meetings included reviews and approval of the quarterly results, financial statements, internal audit report and recommendation and approval of interim and final dividends.

Dr. Chiu Hong Keong, the Chairman who is also the founder of the Company, leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by Management. He chairs the meeting of the Board and the shareholders.

The Board continues to be mindful of the combined roles of the Chairman and Managing Director currently held by Dr. Chiu Hong Keong. Nonetheless, the Board has established the roles and responsibilities of the Chairman which are distinct and separate from the duties and responsibilities of the Managing Director as set out in the Board Charter. In the best interest of the Group, this combined role is maintained as the valuable knowledge of the business operations contributed by Dr. Chiu is essential for the effective management of the Group as well as to provide leadership to the Board.

No senior member of the Board is appointed to address concerns relating to the Group as any concern can be conveyed to any one of the Directors who exercise their responsibilities collectively. The Company's website is accessible to the public at www.pintaras.com.my and the Directors welcome any feedback channelled through the website.

Board Committees

Five (5) Board Committees were established to assist the Board in effectively discharging its fiduciary duties. They comprise the Audit, Risk Management, Remuneration, Nomination and Employee Share Option Scheme ("ESOS") Committees. The ESOS Committee was dissolved upon the expiry of the ESOS on 25 February 2019. All committees have written Terms of Reference that clearly outline their objectives, functions and authorities. The committees table their reports and recommendations to the Board periodically.

Nomination Committee

The Nomination Committee comprises two (2) Independent Non-Executive Directors, namely:

Chang Cheng Wah *(Chairman)*
Arnold Kwan Poon Keong *(Appointed on 15 February 2019)*
Kong Kim Piew *(Resigned on 15 November 2018)*

The Nomination Committee was established on 22 June 2001. The Committee meets at least once a year with additional meetings convened when necessary. During the financial year, three (3) committee meetings were held.

The Nomination Committee is responsible for making recommendations for any appointments to the Board/Board Committees. Its members annually assess and review the mix of skills and experience which the Directors contribute to the Board. The Committee also assists the Board in reviewing other qualities of existing Board members including the core competencies of Non-Executive Directors as well as assessing the independence of its Independent Directors and to note the trainings attended by each individual Director. The Nomination Committee is also involved in discussions pertaining to succession planning for the Group as well as boardroom gender diversity.

During the year, the Nomination Committee assessed and evaluated the effectiveness of the Board as a whole in terms of its structure, roles and responsibilities, strategy and planning, financial overview, shareholder communications and investor relations. The effectiveness of Board Committees, on the other hand, was assessed based on fulfilment of the Board Committees' function as stipulated in their respective terms of reference. For individual Directors, the assessment was based on pre-determined criteria relating to personal integrity and competency, contribution and performance as well as calibre and personality.

For the appointment of Mr. Chiu Wei Siong as a Non-Independent Non-Executive Director during the financial year, the Company sourced the candidate through Management's nomination. The new Director duly appointed by the Board is recommended for re-election at the forthcoming Thirtieth Annual General Meeting ("AGM") in accordance with Article 78 of the Company's Constitution.

Based on the assessments conducted in the financial year under review, it was concluded that the Board and its Committees as a whole, as well as the individual Directors, had operated effectively and possessed all necessary skills, experience and qualities required from them.

Recommendation 4.2 of the Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, the Independent Director may continue to serve on the board subject to the Director's re-designation as a Non-Independent Director. However, in exceptional cases and subject to the annual assessment conducted by Nomination Committee, the Board may recommend for an Independent Director who has served a cumulative of more than nine years to remain as an Independent Director. Mr. Chang Cheng Wah has served as an Independent Directors of the Company for more than twelve years while Mr. Arnold Kwan Poon Keong has served as an Independent Director for more than nine years. The Board has assessed their independence and has unanimously recommended that they shall remain as Independent Non-Executive Directors of the Company as they are qualified and can be entrusted to discharge their duties and responsibilities independently and objectively notwithstanding their tenure on the Board. They have performed their roles diligently and in the best interest of the Company. The Board will table a proposal to retain Mr. Chang Cheng Wah and Mr. Arnold Kwan Poon Keong as Independent Non-Executive Directors for shareholders' approval at the forthcoming Thirtieth AGM.

Supply of Information

All Directors have access to the services of the Company Secretaries. The Company Secretaries provide support to the Board in fulfilling their fiduciary duties. They also play an advisory role to the Board, particularly in compliance to applicable rules and regulations as well as Board meeting procedures. Additionally, Directors may solicit for independent advice, if necessary, at the Company's expense.

Dissemination of information for Board meetings is by way of Board papers which contain management and financial information and other matters to be discussed and circulated to the Board at least seven (7) days before the meeting. The Board members are also notified of material issues affecting the performance of the Group and new developments within the Group during Board meetings. Senior management staff are invited to attend Board meetings and Audit Committee meetings whenever necessary.

Company Secretaries

The Board is supported by qualified Company Secretaries who are responsible for providing support and guidance to the Board on issues relating to compliance with rules and regulations and relevant laws affecting the Company.

Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme. The Directors are mindful that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments of the industry as well as the new statutory and regulatory requirements.

During the year, the Directors were informed and updated on developments in Accounting Standards and Code of Corporate Governance as well as the new Companies Act 2016 by the external auditors, internal auditors and company secretaries at Board and committee meetings. The Board has undertaken an assessment of training needs of each Director. The following trainings were attended by the Directors:-

Title of training	Attended by
i. Sustainability Engagement for Directors/CEOs ii. Companies of The Future – The Role for Boards iii. Market Outlook Seminar 2019 iv. Year Ahead 2019 Turning Points	Dr Chiu Hong Keong
i. 2018 Mid-Year Outlook ii. Sustainability Engagement for Directors/CEOs iii. Sustainability Engagement Series for CFOs/CSOs iv. Sustainability Engagement Series for Directors/CEOs v. Companies of The Future – The Role for Boards vi. Market Outlook Seminar 2019 vii. Year Ahead 2019 Turning Points	Khoo Yok Kee
i. Mandatory Accreditation Programme for Directors of Public Listed Company	Chiu Wei Siong
i. Demystifying the Diversity Conundrum: The Road to Business Excellence	Chang Cheng Wah
i. Independent Directors Programme: The Essence of Independence	Arnold Kwan Poon Keong

In compliance with the MMLR, the Board will continuously identify relevant training programmes for its members to ensure that they are updated with appropriate professional training to further enhance their professionalism in discharging their fiduciary duties to the Company.

Re-election of Directors

The Company's Constitution provide for all Directors to submit themselves for re-election at least once in every three (3) years. The Directors who are seeking for re-election at the forthcoming Thirtieth AGM are Dr. Chiu Hong Keong, Mr. Chiu Wei Siong and Mr. Arnold Kwan Poon Keong. The Directors who are due for re-election at the forthcoming AGM have been duly assessed and recommended for re-election based on their constructive contributions and valuable insights in fulfilling their roles and responsibilities. Their particulars are set out in the Profile of Directors on pages 7 to 8 of this Annual Report.

DIRECTORS' REMUNERATION

The Remuneration Committee ("RC") comprises two (2) Independent Non-Executive Directors, namely:

Chang Cheng Wah *(Chairman)*
Arnold Kwan Poon Keong *(Appointed on 15 February 2019)*
Kong Kim Piew *(Resigned on 15 November 2018)*

To attract and retain individuals of sufficiently high calibre at the Board level, the remuneration for Executive Directors is linked partly to the performance of the Group while the level of remuneration of Non-Executive Directors reflects the experience and level of responsibility undertaken. Following guidelines by the Code, the Company has in place a fairly structured reward system for its Board members.

The RC remains responsible for recommending the individual Directors' level of remuneration. The RC reviews annually the Directors' Remuneration and the interested Directors abstain from discussing their own remuneration packages.

The aggregate remuneration of the Directors received from the Company and on Group basis for the financial year ended 30 June 2019 are as follows:-

	Total Remuneration (nearest RM50,000)	In % of the Total Remuneration				
		Fees	Salaries and EPF	Bonuses	Other employee benefits	Benefits-in-Kind
The Company						
Executive Directors						
Dr. Chiu Hong Keong	RM100,000	–	77	12	1	10
Khoo Yok Kee	RM100,000	–	87	12	1	–
Chiu Wei Wen	RM300,000	–	81	12	–	7
Independent Non-Executive Directors						
Chang Cheng Wah	RM30,000	100	–	–	–	–
Arnold Kwan Poon Keong	RM30,000	100	–	–	–	–
The Group						
Executive Directors						
Dr. Chiu Hong Keong	RM900,000	–	89	10	–	1
Khoo Yok Kee	RM700,000	–	86	10	–	4
Chiu Wei Wen	RM550,000	–	84	13	–	3
Independent Non-Executive Directors						
Chang Cheng Wah	RM30,000	100	–	–	–	–
Arnold Kwan Poon Keong	RM30,000	100	–	–	–	–

Remark: Mr. Chiu Wei Siong (appointed on 15 February 2019) and Mr. Kong Kim Piew (retired on 15 November 2018) did not receive any remuneration from the Company or on Group basis.

Details of the remuneration of the Top Senior Management (including salary, bonus, benefit-in-kind and other emoluments) during the financial year 2019, are as follows:

Range of remuneration	Number of Top Senior Management
RM250,000 to RM700,000	2
RM700,001 to RM1,150,000	2

SHAREHOLDERS

The Board is committed to providing shareholders and investors with accurate, useful and timely information about the Company's businesses and activities.

Dialogue between Company and Investors

The primary channels through which information is disseminated to the shareholders are annual reports and financial statements, quarterly announcements of financial results and other announcements. All the above are easily accessible through the official website of the Bursa Malaysia Securities Berhad as well as the Company's website.

During the year, the Managing Director and Executive Directors met with institutional investors, fund managers and analysts to brief and keep them updated on the performance, business expansion plans and other matters related to shareholders' interest. By this, the Board aims to keep the shareholders and the general public abreast on the Group's performance and development as well as to maintain good investor relations.

The Company's website has links to its announcements on financial results and annual reports. It also serves as a platform for the public to provide their feedback and to know more about the Group's business.

The AGM

The Board views the AGM as the primary forum to communicate with shareholders. The Company will convene its Thirtieth AGM on 25 October 2019, during which shareholders are encouraged to present any questions or concerns regarding the operations, financial performance and major development of the Group at the AGM and to vote on all resolutions. Notice of the AGM, Annual Report and Circular are sent out to the shareholders with sufficient notice, at least twenty-eight (28) days before the date of the meeting to enable shareholders to have full information about the meeting to facilitate informed decision-making.

Poll Voting

As required by the listing requirements, poll voting will be conducted for all proposed resolutions set out in the Notice of Thirtieth AGM. Poll voting accurately and fairly reflects shareholders' views by ensuring that every vote is recognised in accordance with the principle of "one share one vote". This enforces greater shareholders rights, and allows shareholders who appoint the Chairman of the meeting as their proxy to have their vote properly counted in the fulfilment of their voting rights.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year mainly through the quarterly announcements, annual financial statements and the Chairman's Statement in the annual reports. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and its quality.

The Audit Committee reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. The Audit Committee would convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary. As part of the Audit Committee review processes, the Audit Committee has also obtained 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.

Statement of Directors' Responsibility

The Directors are required by the Companies Act 2016 to prepare financial statements, which give a true and fair view of the state of affairs, results and cash flows of the Group and of the Company for the financial year under review.

In this respect, the Directors acknowledge their responsibility in ensuring that proper accounting records are kept for the purpose of disclosing with reasonable accuracy, the financial position of the Group and of the Company.

Internal Control and Risk Management

The Board recognises its responsibility for the Group's system of internal controls comprising financial, operational and compliance controls as well as risk management. The system, by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss and is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Group has in place a whistle-blowing framework which provides a channel whereby employees may, in good faith and in confidence, raise concerns about possible improprieties in financial reporting and other concerns, to ensure independent investigation of such matters and appropriate follow-up action. There have been no reported incidents pertaining to whistle-blowing for the financial year 2019.

The Board has established a framework to formulate and review risk management policies and risk strategies. The Risk Management Committee is responsible for setting the direction and approach on all strategic and policy matters in relation to risk management.

The Board acknowledges the importance of having an adequate system of internal controls and regulatory compliance to be in place within the Group.

The Statement on Risk Management and Internal Control furnished on pages 18 to 19 provides an overview of the state of internal control within the Group.

Relationship with Auditors

The Group maintains an appropriate relationship with the external auditors through the Audit Committee. An Audit Committee report and its terms of reference, detailing its role in relation to the external auditors are set out on pages 21 to 23 of this Annual Report.

The Group has outsourced its internal audit function to a professional service firm. The Internal Auditors report directly to the Audit Committee periodically on its assessment of reviews covering the financial, operational and compliance controls as well as risk management process.

The information on the internal audit function is set out in the Statement on Risk Management and Internal Control.

Corporate Social Responsibility

The Group recognises it has obligations to protect and contribute positively to the needs of a range of stakeholders in the community and environment in which it operates. Towards this end, the Group has adopted a Code of Conduct to guide employees and to create awareness in support of its Corporate Social Responsibility initiatives. The Code includes guidelines to appropriate workplace and marketplace behaviour. Employees' health and well-being is constantly looked after through the effective and stringent implementation of good Occupational Safety and Health practices in all its business operations. The Code also enunciates the Group's approach to supporting community and environmental programmes. The Group is dedicated to meeting or exceeding the regulatory requirements that govern its activities and will continually look to applying environmentally friendly technologies. The Group has made consistent donations to various charities nationwide such as The Malaysian Association for the Blind, The Monfort Boys Town & Youth Centre, Hospis Malaysia, HOPE Worldwide Malaysia, Kiwanis Club of Kuala Lumpur and Kasih Foundation to help the needy and to elevate the standard of living and the quality of life of communities.

This statement is made in accordance with the resolution of the Board of Directors dated 29 August 2019.

INTRODUCTION

The Board of Directors ("the Board") is pleased to present the Group's Statement on Risk Management and Internal Control for the financial year ended 30 June 2019. This statement on Risk Management and Internal Control is made in compliance with paragraph 15.26(b) of the Main Market Listing Requirements.

RESPONSIBILITY

The Board acknowledges its responsibility of maintaining a good system and consistently reviewing the effectiveness of internal controls covering not only financial controls but also operational and compliance controls as well as risks assessments. The Board sets the tone and culture towards effective risk management by identifying and monitoring material risks, setting risk appetite and determining the risk tolerance of the Group. This system was designed to enable the Group to meet its business objectives and to minimise rather than eliminate risks while protecting its assets and safeguarding the shareholders' investment.

While it is the principal responsibility of the Board to identify key risks and ensure the implementation of appropriate systems to manage risks, it is assisted by the various committees put in place to address the different risks inherent to the Group's construction and manufacturing divisions. The Audit Committee and Risk Management Committee have continued to provide significant assistance in this respect.

The Audit Committee under delegation from the Board, regularly oversees the effectiveness of the processes while the Risk Management Committee maintains and periodically reviews risk register which sets out the nature, risk levels and control of material risks faced by each department and the Group as a whole.

The Board is of the view that the system of risk management and internal control is in place for the year under review and up to the date of approval of the annual report and financial statements.

RISK MANAGEMENT POLICY

The Board recognises that its primary responsibility is to ensure the long term viability of the Group. One of the key tasks is to understand the principal risks of all aspects of the business that the Group is engaged in, as all significant business decisions require the incurrence of risks. Our Integrated Risk Management policy is to identify, and reduce or mitigate risks to its property, interests and employees, to minimise and contain the costs and consequences in the event of harmful or damaging incidents arising from those risks in the pursuit of its business objectives.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Written policies and procedures are present in the form of the Group's Operations Manual and the Pintaras Group Integrated Risk Management Framework. They serve as guidelines for best work practices and provide tools to identify and manage risks. A Risk Register is maintained to record the key risks and it is updated as and when new risks are identified. The respective control measures are discussed in Risk Management Committee meetings and documented.

The following summarises our Group's risk management framework which consists of the following four elements:-

1. Developing corporate risk profile;
2. Establishing an integrated risk management function;
3. Practising integrated risk management; and
4. Ensuring continuous risk management learning.

The Group's organisational structure is divided into the construction and manufacturing divisions to provide a more relevant framework in which to manage the different risks. This enhances communication and clearly defines the line of authority as well as to facilitate reporting. The duties and responsibilities of designated employees are also communicated to them at the point of employment. As an additional measure, the Executive Directors are involved directly in the management of operational and financial controls. This practice ensures close monitoring and effective supervision over the operating subsidiaries. In addition, the Executive Directors and senior management exercise direct supervision by visiting the project sites and factory floors regularly.

As the major driver of internal control, the Risk Management Committee supervises the overall management of the principal areas of risk. This Committee consists of Board members and senior management personnel from the various departments in the Group. The construction division's Operations Meetings and the manufacturing division's Management Meetings are held regularly and their findings are reported to the Risk Management Committee who then reports directly to the Board. In this way, the risks faced at the operational level are conveyed to the Board who possesses the authority to review, form and implement mechanisms of control. Thus, the Board remains well informed and is able to effectively manage the control environment in the Group.

INTERNAL AUDIT FUNCTION

The internal audit function which reports directly to the Audit Committee, is outsourced to a professional service firm. The firm undertakes independent and systematic reviews of internal controls so as to provide the Audit Committee with independent and objective feedback and reports to ensure that the internal control systems continue to operate satisfactorily and effectively. The internal auditors recommend actions to ensure that proper controls are in place for the key operational areas and regular follow-ups are made to ensure the actions are implemented. The Board with the assistance of the Audit Committee and the Risk Management Committee reviews the effectiveness of the Group's system of internal control on a continuous basis.

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

The Board has received assurance from the Managing Director and the Executive Director that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

For the financial year under review, the Board is satisfied that the current internal control system was reasonably effective in managing the Group's risks and there is no significant deficiency noted. Nevertheless, the Board will continue to assess the need to employ suitable measures to enhance the Group's control environment.

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. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 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 the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process adopted in ensuring the adequacy and integrity of the Group's risk management and internal control system.

Moving forward, the Group will continue to improve and enhance the existing systems of risk management and internal controls, taking into consideration the changing business environment.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 29 August 2019.

1. BOARD MEETINGS

There were six (6) Board Meetings held during the financial year.

2. UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposals during the financial year.

3. SHARE BUY-BACKS

During the financial year, there were no share buy-backs by the Company.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Save for the options granted, exercised and forfeited as disclosed in Note 23 to the Financial Statements, the Company did not issue any options, warrants or convertible securities during the financial year.

5. DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any depository receipt programme.

6. IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

7. AUDIT AND NON-AUDIT FEES

Audit fees payable to the external auditors by the Group and the Company for the financial year amount to RM230,648.00 and RM53,000.00 respectively.

Non-audit fees payable to the external auditors by the Company for the financial year amount to RM8,500.00 being services rendered in relation to the review of the Statement on Risk Management and Internal Control.

8. PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not release any profit estimate, forecast or projection for the financial year.

9. PROFIT GUARANTEES

During the financial year, there was no profit guarantee given by the Company and all its subsidiaries.

10. MATERIAL CONTRACTS

Save as disclosed in Note 29 of the Financial Statements on the Significant Related Party Transactions, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the directors or major shareholders.

11. CONTRACTS RELATING TO LOAN

There were no contracts relating to loan by the Company and its subsidiaries in respect of item 10.

12. REVALUATION OF LANDED PROPERTIES

The Company and its subsidiaries do not revalue their landed properties.

(A) MEMBERS OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee comprised the following directors:

Arnold Kwan Poon Keong (Chairman)
(Independent Non-Executive Director)
(Appointed as chairman on 15 February 2019)

Chang Cheng Wah
(Independent Non-Executive Director)

Chiu Wei Siong
(Non-Independent Non-Executive Director)
(Appointed on 15 February 2019)

Kong Kim Piew
(Independant Non-Executive Director)
(Resigned on 15 November 2018)

(B) TERMS OF REFERENCE

AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to seek external legal or other professional assistance if it considers necessary.

FUNCTIONS

The functions of the Committee shall be:

a) to review
   (i) with the external auditors, the audit plan;
   (ii) with the external auditors, their evaluation of the system of internal accounting controls;
   (iii) with the external auditors, their findings in respect of the audit and the auditors' report, including the key audit matters reported;
   (iv) the assistance given by the Company's officers to the external auditors;
   (v) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
   (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
   (vii) the quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on :
   - changes in or implementation of major accounting policy changes;
   - significant and unusual events; and
   - compliance with accounting standards and other legal requirements; and

   (viii) any related party transactions that may arise within the Company or the Group.

b) to consider the nomination of a person or persons as external auditors, the audit fees and any question on resignation or dismissal.

c) to promptly report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements.

d) to carry out any functions as may be agreed to by the Committee and the Board.

MEETINGS

The Committee will meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. The external auditors may request a meeting if they consider that one is necessary.

The quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

The Finance Manager, or any other authorised Officers and a representative of the external auditors shall normally attend the meetings. Other Board members shall also have the right of attendance upon the invitation of the Committee. If necessary, the Committee shall meet with the external auditors, the internal auditors or both, without executive Board members and employees present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Committee, and circulating to the Audit Committee members and to other members of the Board.

(C) ACTIVITIES

During the financial year, six (6) Audit Committee Meetings were held. Details of attendance of the Audit Committee Members are as follows:

Audit Committee Members	**No. of Meetings Attended**
Arnold Kwan Poon Keong	6/6
Chang Cheng Wah	6/6
Chiu Wei Siong *(Appointed on 15 February 2019)*	4/4
Kong Kim Piew *(Resigned on 15 November 2018)*	2/2

During the financial year, the Audit Committee met with the external auditors twice and one (1) private meeting was held with the external auditors without the presence of the Management.

A summary of the activities of the Audit Committee in discharging its functions and duties during the year included a review of the following:

a) the audit plan of the external auditors and their scope of work for the financial year ended 30 June 2019;
b) the external auditors' reports in relation to audit, accounting and internal control issues arising from the audit and updates of the developments on accounting standards issued by the Malaysian Accounting Standards Board;
c) the quarterly financial result prior to the Board of Directors' approval and announcement;
d) the draft audited financial statements for the financial year ended 30 June 2019, including the auditors' report and key audit matters included therein;
e) the Annual Report prior to presentation to the Board for approval and subsequent dispatch to shareholders;
f) the internal audit plan for the financial years 2019 and 2020, and to ensure the audit activities are conducted in accordance to plan, and the adequacy of the scope and coverage of the internal audit;
g) the major findings on internal audit reports and management's response to the findings and ensure corrective actions recommended by the Internal Auditors on the reported weaknesses are acted upon;
h) the extent of the Group's compliance with the relevant provisions set out under the Code for the purpose of issuing the Statement on Corporate Governance and Statement on Risk Management and Internal Control pursuant to the Listing Requirements; and
i) related party transactions.

The Audit Committee has obtained a written assurance from Messrs PricewaterhouseCoopers PLT as External Auditors on 27 June 2019 confirming their independence. The Committee and the Board agreed and concluded that the External Auditors are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements and they have met the criteria of suitability. The Audit Committee is also satisfied with the quality of services and adequacy of resources the external auditors provided to the Group.

The Audit Committee has recommended and the Board has approved to seek shareholders' approval at the forthcoming AGM to re-appoint Messrs. PricewaterhouseCoopers PLT as external auditors of the Company.

The Board is satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities in accordance with the Audit Committee's terms of reference.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme ("Scheme") approved on 7 October 2013 by the shareholders of the Company, took effect from 26 February 2014 for a duration of five (5) years and pursuant to the By-Laws of the Scheme, has lapsed on 25 February 2019. As at 25 February 2019, 344,600 options offered pursuant to the Scheme remained unexercised and have automatically lapsed.

(D) INTERNAL AUDIT FUNCTION

An internal audit function has been set up to undertake regular reviews of the Group's system of controls, policies and procedures, implementation and operation. The primary objective of the internal audit function is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework of the Group by bringing an independent, systematic and disciplined approach to anticipating potential risk exposures over key business processes within the Group.

The Group has appointed a professional service firm to assist the Board and the Audit Committee in carrying out the function. The internal auditors report directly to the Audit Committee who reviews and approves the annual internal audit plan.

During the year, the internal audit function performed various internal audit activities in accordance to the plan to ascertain the adequacy of the internal control systems and make recommendations for improvement where weaknesses exist. The internal auditors audited the machine and materials management of the Group's construction division as well the sales and marketing function of the Group's manufacturing division for the year under review.

Audit reports were issued together with recommendations which were then passed to the management for management's response and action. Audit findings and actions taken by the management were deliberated during the Audit Committee meetings and final audit reports were presented to the Board.

The cost incurred in managing the internal audit function in respect of the financial year was RM35,009.72.

INTRODUCTION

The Board of Directors ("Board") of Pintaras Jaya Berhad ("Pintaras" or "Company") and its subsidiaries ("Group") recognize the value of sustainability practices to optimise profit and to create sustainable long term value for the Group and its stakeholders.

The Group is committed to promoting sustainability and has embedded policies in its operations to minimize the impacts our construction and manufacturing activities have on the environment and communities we operate in.

ABOUT THIS SUSTAINABILITY STATEMENT

This statement provides an insight to our approach in achieving sustainability goals across our operations and is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirement ("Listing Requirement") of Bursa Malaysia Securities Berhad ("Bursa"). It sets out the management of material economic, environmental and social ("EES") risks and opportunities ("collectively known as "Material Sustainability Matters") arising from the business operations of the Group. In preparing this Statement, the Board has considered the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits issued by Bursa to be the reporting framework.

This statement covers our operations in Malaysia and reflects our sustainability performance in Financial Year 2019 relating to the following entities:

Activity	**Subsidiaries**
Construction	Pintaras Geotechnics Sdn. Bhd.
Manufacturing	Prima Packaging Sdn. Bhd.

The responsibility to ensure that sustainability is a priority in the Group's business strategy lies with the Board. The Board ensures that the overall strategic plan includes sustainability and environmental considerations. Senior management including the heads of department is also tasked to incorporate sustainability issues in the day-to-day operations of the Group. This complements the existing risk management processes that the Group has in place and highlights the importance of good governance which includes sound business ethics, viable policies and stewardship.

MATERIALITY ASSESSMENT

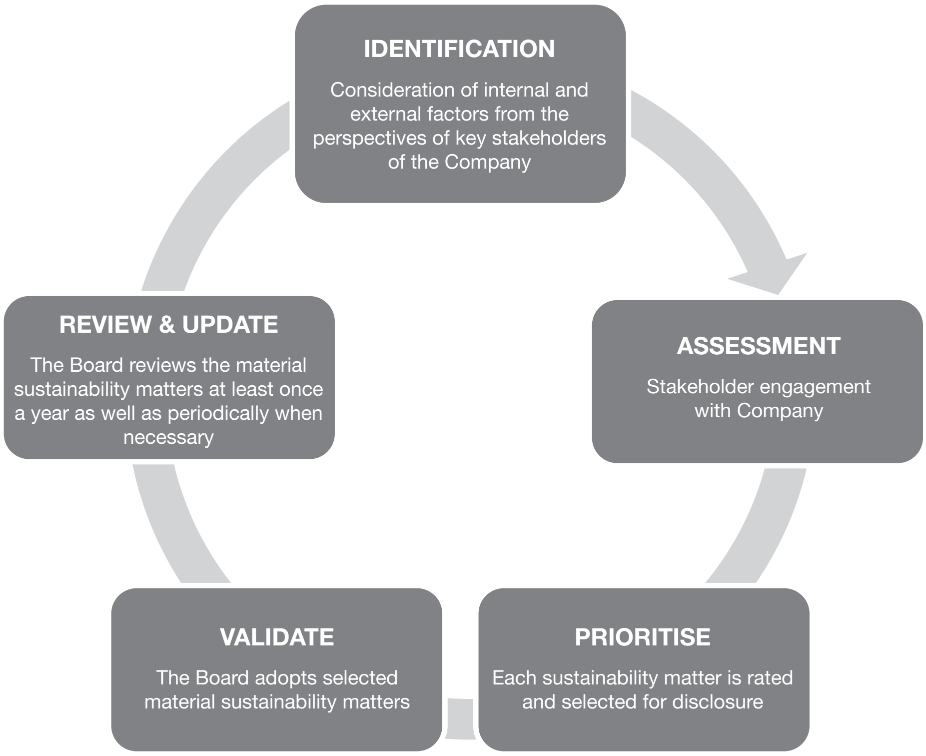
The Company has adopted the following process to determine the relevant material sustainability topics that are key areas of interest to our stakeholders and that involve substantive impacts from our business activities. The assessment took into consideration the views and concerns of the Group's stakeholders such as shareholders, potential investors, customers, suppliers, employees, community and regulators.

The materiality process focuses on the identification, assessment, and prioritization of the Company's stakeholders and sustainability matters, with the main aim of understanding how material each EES matter is to the Company's business and our key stakeholders. Sustainability matters are prioritised through the criteria prescribed by Bursa in Para 6.3 of Practice Note 9 of the Listing Requirement, which:

- reflect the Group's significant economic, environmental and social impact; and/or

- substantively influence the assessments and decisions of stakeholders.

The materiality process is depicted as follows:



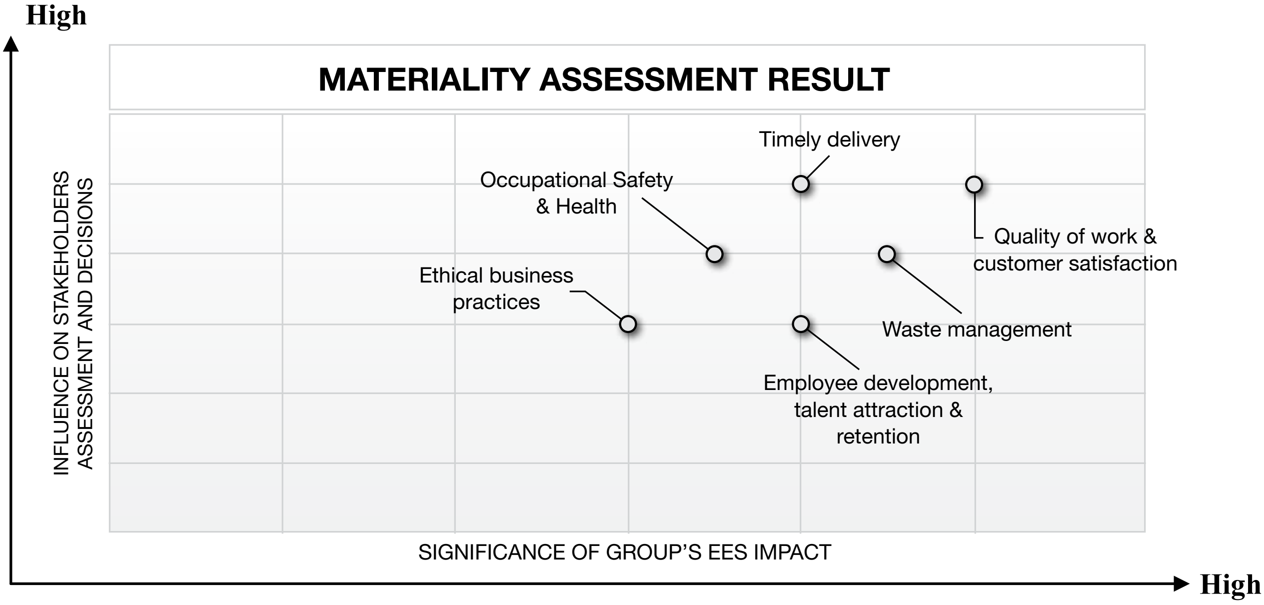
STAKEHOLDER ENGAGEMENT

We have identified these key stakeholders with their needs and expectations as follows:

Stakeholder	Mode of Engagement	Frequency	Relevant sustainability matters
Shareholders/ Potential Investors	• Annual General Meeting • Announcement to Bursa • Press Releases • Financial Statement • Annual Report • Fund managers and Analysts Meetings	• Quarterly • Annually • As needed	• Clear and timely communication on operation and financial performance • Financial performance • Sustainability of value creation • Ethical business practices • Talent attraction and retention • Regulatory compliance
Employees	• Meetings and discussions • Employee performance evaluation • Internal training programmes • Interaction during work	• Half-yearly • Annually • As needed	• Ethical business practices • Occupational safety and health • Career development • Staff training and upskilling
Customers	• Meetings • Industry events • Customer feedback	• As needed	• Competitive pricing • On schedule delivery • Quality execution of works • Use of technology and innovation for better efficiency • Regulatory compliance
Suppliers/ Subcontractors	• Supplier/Subcontractor appraisal and evaluation • Site visit/interview • Face-to-face interaction • Meetings	• Annually • As needed	• Timeliness in delivery • Product and service quality • Price competitiveness • Transparent and fair procurement • Compliance with terms and conditions of business contract • Ethical business practices
Communities	• Annual corporate social responsibility initiatives	• Annually	• Ethical business practices • Sustainability of value creation to enable funding for the underprivileged
Government agencies, authorities and regulators	• Meeting and discussion • Press releases • Changes/ introduction of new regulations • Workshops and seminars • Site visits	• As needed	• Regulatory compliance • Regulation review and formulation

MATERIAL SUSTAINABILITY MATTERS

Through our key stakeholder engagements, the Group has identified and considered three key themes of sustainability practices being sustainable business growth, environmental stewardship and social responsibility and prioritised the following as material sustainability matters under the scope of EES:



Sustainable business growth

We strive to deliver to our clients the highest quality of work done with timely delivery. In this endeavor, the Group is committed in delivering quality construction services and products to clients by undertaking the following:

1. Providing innovative, appropriate, practical and economical technology to meet clients' requirement;
2. Emphasizing client satisfaction through professionalism, quality and timely completion of projects;
3. Continually aim for higher quality and standards in its business processes; and
4. Providing a safe, healthy and conducive work environment for quality performance.

Under this theme, we shall report on our sustainability practices pertaining to achieving this goal.

We carry out customer satisfaction surveys whereby all customers are requested to provide their feedback in terms of product and service satisfaction. For the financial year ended 30 June 2019, 73% of our customers had responded to our customer satisfaction survey, out of which 100% of the feedback reported that the Group has met or exceeded expectations.

Technology and Innovation

The Group's provision of services in both construction and manufacturing is delivered by highly skilled and experienced engineers and skilled workers. Our employees and workers are provided with regular training to keep them abreast of the latest development and technology in the related fields.

There were 26 such technical training, conferences and workshops attended by our staff in financial year 2019.

Ethical Business Practice

We belief that maintaining high level of ethical business practices forms the foundation of sustainable business operations. Hence, we have incorporated strong business ethics in our corporate culture in all our business dealings.

Our Code of Conduct outlines our commitment to the highest level of ethics and integrity. The Code is supported by our 'Whistleblowing Policy', 'Disclosure of Corporate Information', 'Involvement in Outside Business' and 'Anti Bribery Policy'. All new recruits are briefed on the Code of Conduct as part of their orientation programme.

No whistleblowing cases were reported or recorded for the financial year 2019.

Environmental stewardship

In an effort to protect the environment, the Group focuses on energy management by close monitoring of plant and machinery efficiency with regular service and maintenance. In addition, we upgrade our plant and machinery periodically to newer technology which are energy-saving.

We promote responsible consumption by identifying opportunities for reuse and recycle before responsible disposal. Wastage control on raw materials is carried out by close supervision and continuous training to all personnel involved to ensure minimal wastage.

Wastage Management

We monitor every contract by setting a theoretical percentage of tolerable wastage. Deviation to these percentages are then investigated and mitigated. The table below details our average percentage of wastage for financial year 2019 as follows:

Material (average wastage)	**Financial year 2019**
Construction	
Steel Bars (Foundation Works)	5% - 8%
Steel Bars (Structural Works)	5%
Ready-Mix Concrete (Foundation Works)	5% - 8%
Ready-Mix Concrete (Structural Works)	5%
Manufacturing	
Tin Plate & Tin Free	16%

For our manufacturing operations, we minimize wastage for our main raw material by ordering cut-to-size tin plates and reduce cost of wastage by selling off-cuts as scraps.

Social responsibility

We take responsibility to ensure that people who work with us have a safe & healthy working environment with appropriate education & training to create opportunities for them to seek challenges and grow. In this regard, the Group aims to meet the expectations, ambitions and aspirations of the employees by providing the necessary tools to achieve their personal and career development goals.

Occupational Safety and Health

The Group places employees and workers at the forefront and consider them our most valuable assets. Strong emphasis is placed on employees' occupational safety and health ("OSH") matters as well as talent development and retention. We take responsibility to ensure that those who work with us have a safe & healthy working environment with appropriate education & training.

In terms of OSH matters, the Group has established and embedded the OSH Policy on safety and health practices with the assistance of the Safety and Health Team led by qualified personnel. The respective Safety and Health team performs periodic audit at the sites, store/workshop as well as factory floor and report improvement opportunities and any non-compliance for timely corrective actions to be taken.

Various safety and health programmes are regularly conducted including daily tool box meetings at project sites to inculcate a mindset on safety awareness and practices amongst the employees, workers and contractors who are trained to anticipate, recognise, evaluate, control and manage possible safety and health hazards arising at the workplace. The safety and health related programmes held periodically or during the financial year under review are as follows:

Programme	Description of Programme	Frequency of periodic programme
Safety Operation & Work in Construction Industry (SOWCI)	- Behavioral based safety in construction - Safety checklist in crane inspection - Safe crane operation and its current issues at construction site	2
Empowering Rigging & Slinging for Signalman in Construction Work	- Routine inspection of wire ropes and lifting appliances - Correct use and limitation of wire ropes/slings and lifting appliances - Communication and hand signals during lifting	2
Internalising of FMA & BOWEC for Construction Work	- Internalisation of building operation and work of Engineering Construction Regulation 1986 - Concrete work and catch platform - Scaffolds, demolition, excavation work, piling and blasting work	2
Good Housekeeping for Construction Work	- Proper site inspection and adequate housekeeping practices - Workplace housekeeping checklist for construction site - Flammable / explosive material	1

No major incidences on safety and health issues were recorded for the financial year 2019.

Employee Development, Talent Attraction and Retention

The Group is cognizance of the need to constantly train and upskill our workforce and treat our employees fairly by providing equal opportunities to all personnel and career enhancement within the Group and creating opportunities for them to seek challenges and grow. The Group aims to meet the expectations, ambitions and aspirations of the employees by providing the necessary opportunities and tools to achieve their personal and career development goals. Relevant training and upgrading of skills as well as mentoring by senior employees are provided to all levels of personnel.

Training programs for employees and workers are devised based on individual training needs analysis, which are conducted during employees' and workers' annual performance appraisals. The employees are then required to attend the training programs as identified from the training need analysis. For the financial years 2019, we have achieved our targets on employees' training (includes non-technical training) by providing 39 trainings to 125 employees.

The Company also recognizes the value of dedicated and long-serving employees, acknowledging their loyalty and contribution to the Group. We also strive to promote work-life balance by providing our employees with a safe, comfortable and conducive working environment to ensure their working hours are used in effective and productive manner.

Community caring

We engage with local communities through education, project liaison and support them through charitable work, sponsorship and other support initiatives. The Group has consistently made donations to various charitable organisations nationwide as well as accepting students from local and foreign institutions of higher learning as interns to allow them exposure to practical training as part of their preparation for work life.

We believe in managing our Group in a sustainable manner to develop strong competency and resilience to meet future challenges. We shall endeavor to improve our sustainability reporting over time as we progress in our sustainability management.

On behalf of the Board of Directors, it is with pleasure that I present the Annual Report of the Group and the Company for the financial year ("FY") ended 30 June 2019.

REVIEW OF RESULTS

The Group recorded a pre-tax profit (PBT) of RM31.6 million and profit after tax (PAT) of RM26.1 million. Construction activities contributed about RM38.7 million to PBT representing more than a fourfold increase over last FY's figure of RM7.2 million. This huge improvement substantially is due to the contribution of our operations in Singapore. PBT from manufacturing was unchanged at RM4.1 million. However, Group PBT was pulled down by a one-off impairment of goodwill of about RM12 million arising from our acquisition of Pintary International Group (Pintary) in Singapore. There was also a RM15 million provision for bad debt and impairment of receivables.

DIVIDENDS

Subject to the approval of shareholders at the forthcoming Annual General Meeting, the Board of Directors has recommended a final dividend of 12 sen per share. Based on 165,864,800 ordinary shares, this amounts to RM19,903,776. The Company had earlier in July 2019 paid an interim dividend of 8 sen per share amounting to RM13,269,184. If approved, the final dividends together with the interim dividends will total RM33,172,960 for FY2019. This represents a dividend payout ratio of 127%.

REVIEW OF OPERATIONS

The Group achieved a record revenue of RM316 million against last FY's revenue of RM96 million representing an increase of about 230%. Construction revenue increased by about RM216 million to RM280 million. Our manufacturing revenue increased by about RM4 million to about RM36 million contributing about 11% to our Group's total revenue.

Our FY2019 construction revenue for Malaysia was a meagre RM34 million, a figure not seen since FY2000. The dearth of new jobs caused by the cancellation of infrastructure projects and a very subdued property market adversely impacted our job wins. Deferment of on-going projects also reduced our outstanding order book figures.

The maiden contribution from our construction operations in Singapore to our Group construction revenue was RM246 million. While the construction sector in Singapore is also extremely competitive, new job flows are strong and that has helped us to secure jobs.

CORPORATE AND BUSINESS DEVELOPMENTS

In FY2019 we completed the 100% acquisition of Pintary International Pte Ltd and its group of companies in Singapore.

OUTLOOK

The impact of the change of the Malaysian Government on the construction industry has been tsunamic not unlike the Asian Financial Crisis of 1997. The industry does require Government action to turn around. Global events such as the US-China trade war, Brexit, the unrest in Hong Kong and now the Saudi oil facilities attack may affect us. We have tightened our belts, we have recalibrated our ambitions and we have been bold to venture out. For FY2020, Malaysia will remain very tough for the Group but our Group revenue will improve significantly. Singapore's contribution will see significant growth and will be the "wind beneath our wings".

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to express our appreciation and gratitude to our shareholders, clients, suppliers, sub-contractors, bankers and business associates for their continued support and co-operation during the year.

I also wish to record our deep appreciation to our loyal and dedicated employees for their continued hard work and commitment to the Group.

DR CHIU HONG KEONG
Chairman/Managing Director
September 2019

OVERVIEW OF BUSINESS

The Group's core businesses in FY2019 continue to be in piling and sub-structure construction and the manufacturing of metal containers of 1 to 25 litre capacity. In construction, we operate mainly in the Klang Valley although we can operate anywhere in Malaysia. In September 2018, we acquired Pintary International Pte Ltd in Singapore and hence have extended our piling and sub-structure construction activities to Singapore. For manufacturing, our factory is located in Selangor and we focus on the domestic market and export about 15% of our goods. Presently, our construction business contributes about 90% to Group revenue.

Over the years we have strived to be a leading piling, geotechnical and substructure specialist contractor. We focus on operating excellence and superior performance delivering to our clients quality works in a timely and safe manner.

To achieve a higher revenue, improve on our earnings and diversify our income streams, we continuously

- Seek new markets and actively explore new business segments
- Maintain, upgrade and expand our fleet of equipment
- Focus on bottom line growth through project selection and cost control
- Emphasize on integrity, professionalism, quality and innovation
- Develop our people resources; and
- Improve safety at work places

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group recorded a revenue of RM316 million, pre-tax profit of RM31.6 million and profit after tax of RM26.1 million for FY2019 compared to RM96 million, RM20.7 million and RM15.5 million for FY2018 respectively. A summary of the Group's financial performance for the last 5 years is presented in the following section of the Annual Report.

Our FY2019 pre-tax profit is about 10% of revenue whilst profit after tax is about 8% of revenue. This compares with percentages of 22% and 16% respectively for FY2018. It is worthwhile noting that since our public listing in 1994, our average percentages of pre-tax profit and profit after tax against revenue remain at about 21% and 16% over the 25 year period.

Our Group's receivables stands at about RM165 million while payables are at RM111 million. Generally, the collection period of our receivables is around 4 to 5 months and our payables settled within 2 months. Our cash level is about RM110 million in addition to liquid assets (equities) worth about RM57 million. We now have borrowings arising from hire purchase arrangements with about RM27 million outstanding.

Dividend per share for FY2019 remains unchanged at 20 sen per ordinary share. For the record, since 1994, we have paid a dividend every year and our average yearly dividend payout ratio has now increased to 61%.

SEGMENTAL OVERVIEW

Construction

Our group construction revenue posted a commendable increase of RM216 million to an all time record of RM280 million. Our Singapore construction revenue contributed about RM246 million, however our Malaysian operations contributed a dismal RM34 million. PBT achieved for construction was about RM38.7 million and 14% of revenue compared to 11% for FY2018. If not for allowances for bad debt and impairment of receivables totaling about RM15 million our margins obtained would have been closer to 19%. Our Singapore operations have out-performed remarkably well with full utilization of our plant and equipment. On the other hand, average utilization of our plant and equipment in Malaysia is about 20%. To mitigate the impact of idling and to support our rapidly growing Singapore operations we have to date mobilized into Singapore about 25% of our Malaysian based piling rigs and cranes.

In Malaysia, our low revenue was substantially a result of a suspension of work involving 2 projects due to non-payments and a deferment of the commencement of a major secured contract. Our job wins were also poor as the construction sector remained in the doldrums despite the re-commencement of MRT2 and LRT3. New property development projects were few and far between resulting in very intense competition and challenging tender rates. In FY2019 steel and concrete prices were generally stable although there was a failed attempt to substantially increase concrete supply prices in June 2019. Just as for FY2018 we did not make any equipment purchases in FY2019.

Our Singapore operations have performed exceedingly well. The construction sector has just started to turnaround with good job flows after a number of difficult years. The operating environment remains very tough and very competitive. Overheads and labour costs are high. Safety and regulatory compliances very strict. An experienced and committed team of people, adequate reliable equipment, strong financial resources and responsive management are pre-requisites for us to be successful. For FY2019, steel prices were stable but concrete prices were up about 12%. The capital expenditure has been high at about RM38 million as we have to rapidly expand our office, storage space and plant and equipment to meet our revenue expansion. This will continue into FY2020.

Manufacturing

Our revenue of RM36 million improved by about 12% from FY2018 due to higher selling prices. But margins remained squeezed by higher tin plate prices averaging RM3,900 per tonne, up about 5% over FY2018. We were only able to maintain our PBT figures because of the higher revenue.

OUTLOOK

The construction industry in Malaysia remains very challenging. At this point only the downsized MRT2 and LRT3 projects are running. The revised ECRL project (RM44 billion) has not restarted works, but what is significant is the local participation content is now 40%. We are expecting ECRL ground works to re-commence in early 2020. Other mega projects such as MRT3, HSR, RTS (Johor Bahru), PTMP (Penang) and Bandar Malaysia are possibly slated to be implemented in the near future but realistically not in FY2020. On the property development sector, sales of high rise apartments are generally sluggish. The adjustment by developers from building high end to ‘affordable’ homes has not been as active and as fast as hoped. The overhang of unsold residential and commercial units is presently estimated (by Rehda) to be about RM36 billion in June 2019. We should anticipate a long digestion period for the massive overhang.

The Singapore construction sector remains strong. While the Building and Construction Authority (BCA) estimated that construction demand (contracts to be awarded) in 2019 should range between S$27 and S$32 billion, this demand is expected to steadily increase to S$28 – S$35 billion up to 2023. Public sector construction demand is about 60% of present total demand through implementation of major infrastructure, industrial building and HDB residential projects. Private sector demand is well supported by re-development of en-bloc sales sites and new industrial properties. Major projects such as Jurong Regional Line, Cross Island Line, Terminal 5 at Changi and Integrated Casino Resorts will underpin the construction demand in the next 2-3 years.

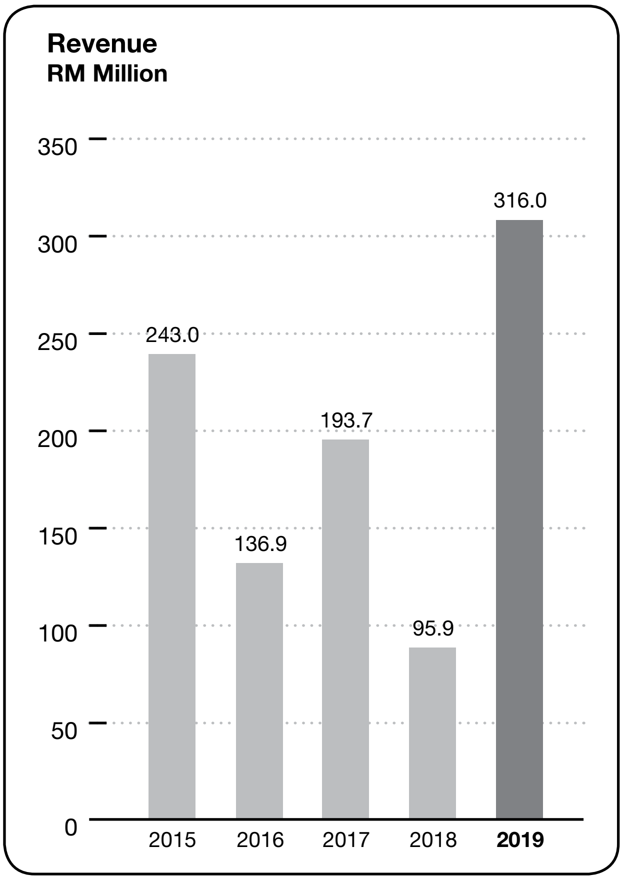
The protracted US-China trade war is presently the biggest threat to the economies of many countries if not all. GDP growth of Singapore is expected to slow down but we believe the Singapore Government will not pull back planned major projects and may even accelerate their implementation to pump prime the economy.

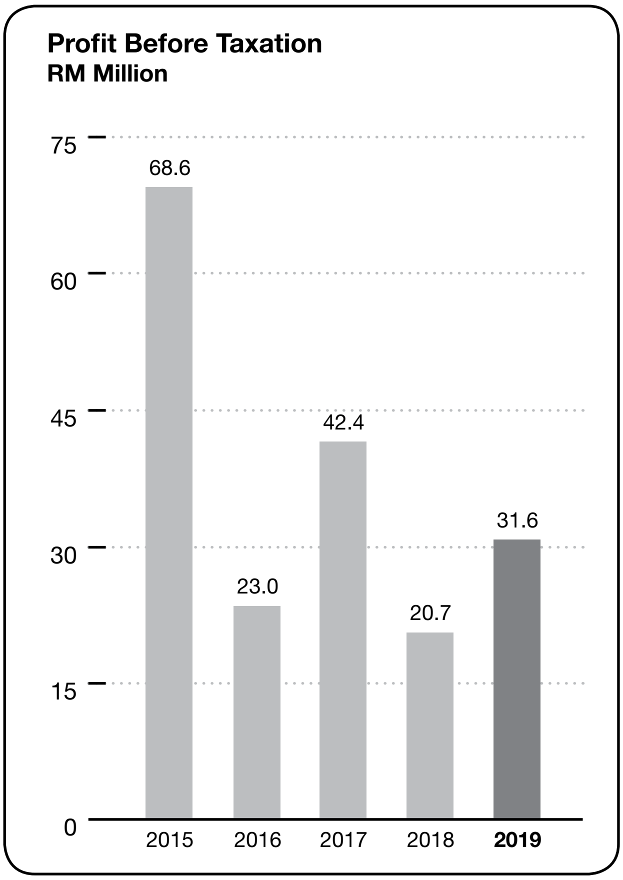
The construction industry in Malaysia requires the Government to take active steps to help boost the sector and prevent further deterioration. We have lowered our tender rates to win jobs and boost our order book. We are focused to keep our people busy and equipment working. We also have to lower our operating costs to generate margins from lower rates.

On the whole our construction business will perform better in the next financial year. Pintary’s growth in Singapore will far outpace our Malaysian operations.

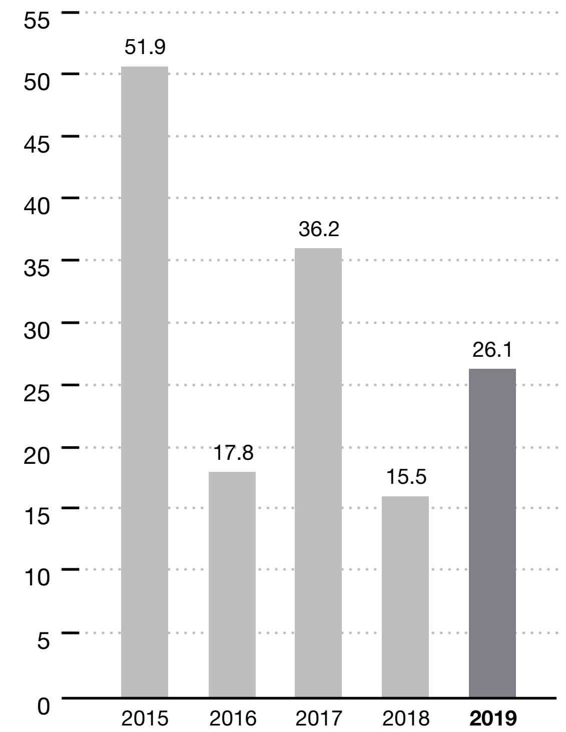
	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue	315,919	95,912	193,737	136,874	242,999
Profit before taxation	31,607	20,706	42,422	23,040	68,570
Profit after taxation	26,103	15,518	36,246	17,786	51,921
Paid-up capital	165,865	165,865	164,719	163,526	162,681
Shareholders' funds	318,358	324,941	340,829	331,329	345,904
Total assets	498,258	381,791	414,197	404,003	413,822
Earnings per share (RM)	0.16	0.09	0.22	0.11	0.32
Net tangible assets per share (RM)	1.92	1.96	2.07	2.03	2.13
Gross dividend rate (sen)	20#	20	20	20	18

declared and paid – 8 sen, recommended – 12 sen

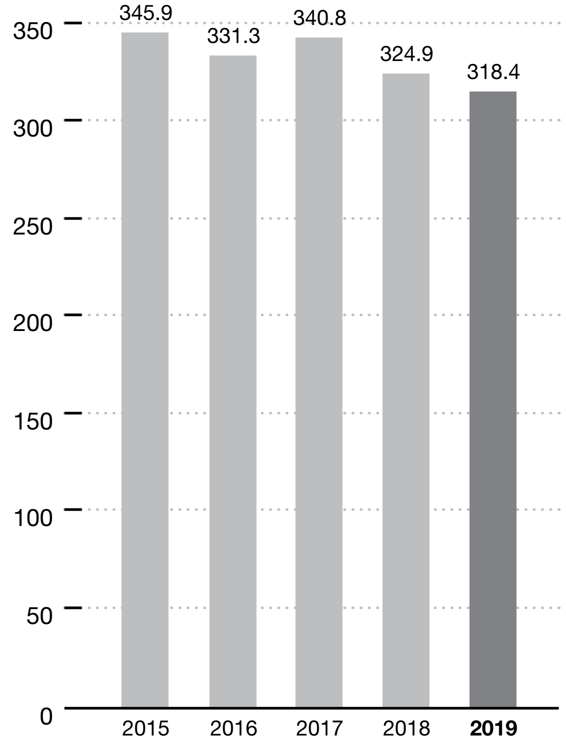




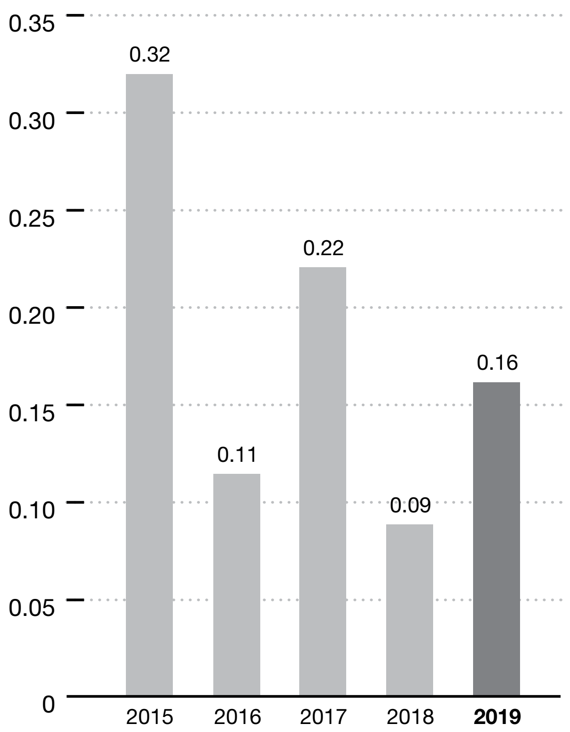
Profit After Taxation
RM Million



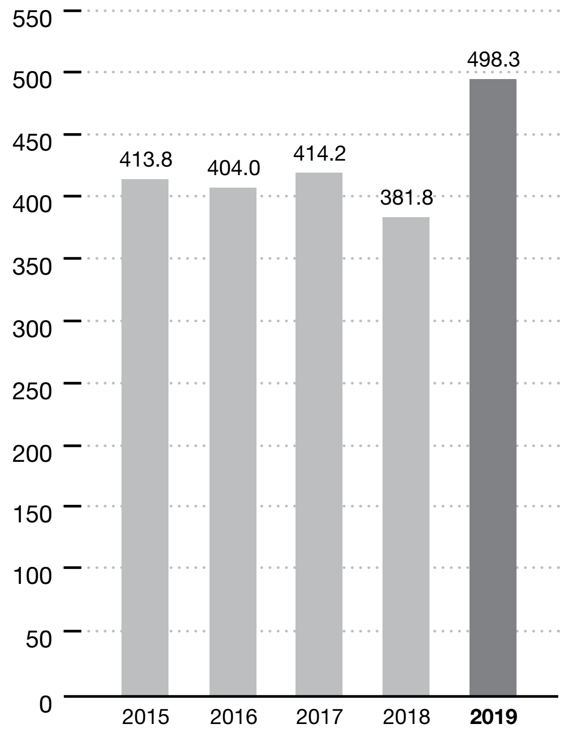
Shareholders' Funds
RM Million



Earnings Per Share
RM



Total Assets
RM Million



Financial Statements

The Directors of Pintaras Jaya Berhad have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

DIRECTORS

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

Dr Chiu Hong Keong	
Khoo Yok Kee	
Chiu Wei Wen	
Chang Cheng Wah	
Arnold Kwan Poon Keong	
Chiu Wei Siong	(Appointed on 15 February 2019)
Kong Kim Piew	(Resigned on 15 November 2018)

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and undertaking of piling contracts, civil engineering and building construction works and rental of plant and machinery. The principal activities of the subsidiary companies are set out in Note 14 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	26,103,111	4,614,479

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements 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.

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.7.2018	Acquired	Disposed	At 30.6.2019
Direct interests in the Company				
Dr Chiu Hong Keong	24,315,720	–	–	24,315,720
Khoo Yok Kee	11,501,760	–	–	11,501,760
Chiu Wei Wen	948,500	–	–	948,500

	Number of ordinary shares			
	At 1.7.2018	Acquired	Disposed	At 30.6.2019
Indirect interests in the Company				
Dr Chiu Hong Keong	72,218,376*1	–	–	72,218,376*1
Khoo Yok Kee	85,032,336*2	–	–	85,032,336*2

*1 Deemed interest through his shareholding in Pintaras Bina Sdn Bhd and interest held by his spouse, Mdm. Khoo Yok Kee, and his son, Mr. Chiu Wei Wen, in Pintaras Jaya Berhad.

*2 Deemed interest through her shareholding in Pintaras Bina Sdn Bhd and interest held by her spouse, Dr. Chiu Hong Keong, and her son, Mr. Chiu Wei Wen, in Pintaras Jaya Berhad.

(i) By virtue of their interests in the Company, the above Directors are deemed to have an interest in the shares of the subsidiary companies to the extent held by the Company.

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

DIVIDENDS

The dividends paid or declared by the Company since 30 June 2018 were as follows:

	RM
In respect of financial year ended 30 June 2018:	
- interim single-tier dividend of 8 sen per share, paid on 12 July 2018	13,269,184
- final single-tier dividend of 12 sen per share, paid on 11 January 2019	19,903,776
In respect of financial year ended 30 June 2019:	
- Interim single-tier dividend of 8 sen per share, declared on 24 May 2019, paid on 11 July 2019	13,269,184
	46,442,144

On 29 August 2019, the Directors recommended the payment of a final single-tier dividend of 12 sen per share on 165,864,800 ordinary shares, amounting to RM19,903,776 for the financial year ended 30 June 2019 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REMUNERATION

Details of the Directors' Remuneration are set out in Note 9 to the financial statements.

EMPLOYEE SHARE OPTION SCHEME

The ultimate holding company, Pintaras Jaya Berhad ("PJB") established an Employee Share Option Scheme ("ESOS") which was approved by the shareholders at the Extraordinary General Meeting held on 7 October 2013. Under the ESOS, ordinary shares of RM1.00 each in PJB are granted to eligible employees and Executive Directors of its subsidiaries. The ESOS was effective on 26 February 2014, for a period of five years, in accordance with the ESOS By-Laws. The details of the ESOS are set out in Note 23 to the financial statements.

The scheme was not extended after its expiry on 25 February 2019.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

  (iii) 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:

  (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

  (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

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

OTHER STATUTORY INFORMATION (CONTINUED)

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

(f) In the opinion of the Directors:

 (i) the results 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

 (ii) 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.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Dr Chiu Hong Keong
Khoo Yok Kee
Chiu Wei Wen
Poh Seng Chai
Koo Git Loo @ Chiu Git Loo
Lim Chee Eng

SUBSIDIARIES

Details of the subsidiaries are set out in Note 14 to the financial statements.

AUDITORS' REMUNERATION

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

AUDITORS

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

This report was approved by the Board of Directors on 17 September 2019. Signed on behalf of the Board of Directors:

DR CHIU HONG KEONG CHAIRMAN	KHOO YOK KEE DIRECTOR

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	5	315,918,819	95,911,879	13,273,098	20,860,725
Cost of sales		(249,926,560)	(82,097,576)	(10,635,422)	(11,719,858)
Gross profit		65,992,259	13,814,303	2,637,676	9,140,867
Other operating income		10,954,985	14,080,338	8,821,703	9,060,732
Administrative expenses		(8,611,861)	(3,110,254)	(539,761)	(267,566)
Other operating expenses		(35,781,764)	(4,078,196)	(5,499,870)	(1,750,747)
Finance cost	6	(946,910)	–	–	–
Profit before taxation	7	31,606,709	20,706,191	5,419,748	16,183,286
Taxation	10	(5,503,598)	(5,187,750)	(805,269)	(1,187,374)
Profit for the financial year, attributable to equity holders of the Company		26,103,111	15,518,441	4,614,479	14,995,912
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss:					
Available-for-sale financial assets ("AFS"):					
- net changes in fair value		–	295,315	–	(412,925)
- disposals		–	(1,851,479)	–	(588,793)
- cumulative losses of AFS impaired reclassified to profit or loss		–	281,782	–	146,769
		–	(1,274,382)	–	(854,949)
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences		486,535	–	–	–
Other comprehensive income/(loss) for the financial year		486,535	(1,274,382)	–	(854,949)
Total comprehensive income for the financial year, attributable to equity holders of the Company		26,589,646	14,244,059	4,614,479	14,140,963
Earnings per share (sen) - basic and diluted	11	15.7	9.4		

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	13	135,397,063	80,879,527	49,303,116	65,958,454
Investments in subsidiary companies	14	–	–	20,914,806	4,000,006
Investment properties	15	3,879,117	118,670	–	–
Available-for-sale financial assets	16	–	28,469,441	–	18,296,081
Financial assets at fair value through profit or loss	16	57,063,199	–	44,554,259	–
Deferred tax assets	17	5,357,632	4,138,298	–	–
		201,697,011	113,605,936	114,772,181	88,254,541
CURRENT ASSETS					
Amounts due from customers on contracts	18(a)	–	1,692,940	–	–
Contract assets	18(b)	286,816	–	–	–
Inventories	19	18,517,611	14,107,812	–	–
Tax recoverable		2,440,254	3,517,379	–	–
Receivables	20	164,865,905	65,871,346	1,838,610	945,404
Amounts due from subsidiary companies	21	–	–	22,774,961	10,008,777
Short-term deposits	22	90,834,667	165,073,721	79,185,051	149,509,605
Cash and bank balances	22	19,615,379	17,921,745	9,737,040	11,352,361
		296,560,632	268,184,943	113,535,662	171,816,147
TOTAL ASSETS		498,257,643	381,790,879	228,307,843	260,070,688

AS AT 30 JUNE 2019 (CONTINUED)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Equity attributable to equity holders of the Company:					
Share capital	23	180,178,116	180,178,116	180,178,116	180,178,116
Share option reserve		–	229,159	–	229,159
Available-for-sale reserve		–	5,124,725	–	2,957,567
Exchange translation reserve		486,535	–	–	–
Retained earnings	24	137,693,412	139,409,377	26,770,047	52,141,802
TOTAL EQUITY		318,358,063	324,941,377	206,948,163	235,506,644
NON-CURRENT LIABILITIES					
Deferred tax liabilities	17	10,385,539	11,073,837	6,431,721	10,115,448
Borrowings	25	19,613,880	–	–	–
		29,999,419	11,073,837	6,431,721	10,115,448
CURRENT LIABILITIES					
Amounts due to customers on contracts	18(a)	–	146,136	–	–
Contract liabilities	18(b)	13,627,910	–	–	–
Payables	27	110,796,020	31,600,963	369,663	777,502
Borrowings	25	7,630,429	–	–	–
Dividend payable		13,269,184	13,269,184	13,269,184	13,269,184
Taxation		4,576,618	759,382	1,289,112	401,910
		149,900,161	45,775,665	14,927,959	14,448,596
TOTAL LIABILITIES		179,899,580	56,849,502	21,359,680	24,564,044
TOTAL EQUITY AND LIABILITIES		498,257,643	381,790,879	228,307,843	260,070,688

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Attributable to equity holders of the Company					
		Share capital RM	Share option reserve RM	Exchange translation reserve RM	Available-for-sale reserve RM	Retained earnings RM	Total equity RM
Group							
At 1 July 2018 - as previously stated		180,178,116	229,159	–	5,124,725	139,409,377	324,941,377
Effects of adoption of MFRS 9	2(a)	–	–	–	(5,124,725)	5,124,725	–
At 1 July 2018 - as restated		180,178,116	229,159	–	–	144,534,102	324,941,377
Comprehensive income:							
- profit for the financial year		–	–	–	–	26,103,111	26,103,111
- other comprehensive income		–	–	486,535	–	–	486,535
Total comprehensive income for the financial year		–	–	486,535	–	26,103,111	26,589,646
Employee share option scheme (“ESOS”)							
- transfer upon expiry of ESOS		–	(229,159)	–	–	229,159	–
Dividends	12	–	–	–	–	(33,172,960)	(33,172,960)
At 30 June 2019		180,178,116	–	486,535	–	137,693,412	318,358,063

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

	Attributable to equity holders of the Company				
	Share capital RM	Share option reserve RM	Available-for-sale reserve RM	Retained earnings RM	Total equity RM
Group					
At 1 July 2017	176,173,545	1,283,823	6,399,107	156,972,936	340,829,411
Comprehensive income/(loss):					
- profit for the financial year	–	–	–	15,518,441	15,518,441
- other comprehensive loss	–	–	(1,274,382)	–	(1,274,382)
Total comprehensive income/(loss) for the financial year	–	–	(1,274,382)	15,518,441	14,244,059
Employee share option scheme (“ESOS”)					
- reversal of expenses recognised in respect of ESOS	–	(292,707)	–	–	(292,707)
Issuance of shares:					
- exercise of ESOS	4,004,571	(761,957)	–	–	3,242,614
Dividends	–	–	–	(33,082,000)	(33,082,000)
At 30 June 2018	180,178,116	229,159	5,124,725	139,409,377	324,941,377

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Share capital RM	Share option reserve RM	Available-for-sale reserve RM	Retained earnings RM	Total equity RM
			Attributable to equity holders of the Company			
Company						
At 1 July 2018 - as previously stated		180,178,116	229,159	2,957,567	52,141,802	235,506,644
Effects of adoption of MFRS 9	2(a)	–	–	(2,957,567)	2,957,567	–
At 1 July 2018 - as restated		180,178,116	229,159	–	55,099,369	235,506,644
Total comprehensive income: - profit for the financial year		–	–	–	4,614,479	4,614,479
Employee share option scheme (“ESOS”) - transfer upon expiry of ESOS		–	(229,159)	–	229,159	–
Dividends	12	–	–	–	(33,172,960)	(33,172,960)
At 30 June 2019		180,178,116	–	–	26,770,047	206,948,163

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

		Attributable to equity holders of the Company			
	Share capital RM	Share option reserve RM	Available-for-sale reserve RM	Retained earnings RM	Total equity RM
Company					
At 1 July 2017	176,173,545	1,283,823	3,812,516	70,227,890	251,497,774
Comprehensive income/(loss):					
- profit for the financial year		–	–	14,995,912	14,995,912
- other comprehensive loss	–	–	(854,949)	–	(854,949)
Total comprehensive income/(loss) for the financial year	–	–	(854,949)	14,995,912	14,140,963
Employee share option scheme (“ESOS”)					
- reversal of expenses recognised in respect of ESOS:					
- by the Company		(271,320)	–	–	(271,320)
- by subsidiary companies	–	(21,387)	–	–	(21,387)
	–	(292,707)	–	–	(292,707)
Issuance of shares:					
- exercise of ESOS	4,004,571	(761,957)	–	–	3,242,614
Dividends	–	–	–	(33,082,000)	(33,082,000)
At 30 June 2018	180,178,116	229,159	2,957,567	52,141,802	235,506,644

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		26,103,111	15,518,441	4,614,479	14,995,912
Adjustments for:					
Depreciation of property, plant and equipment		20,210,908	13,128,654	9,582,641	11,862,829
Gain on disposals of property, plant and equipment		(3,035,913)	(539,477)	(3,036,808)	(563,774)
Property, plant and equipment written off		330,399	5,288	–	–
Depreciation of investment properties		3,849	3,849	–	–
Provision for foreseeable losses		2,736,266	371,000	–	–
Provision for rectification cost		7,330,280	–	–	–
Gain on disposals of available-for-sale financial assets		–	(3,143,443)	–	(2,355,386)
Gain on disposals of financial assets at fair value through profit or loss		(171,767)	–	(643,328)	–
Fair value loss on financial assets at fair value through profit or loss		2,259,419	–	3,594,168	–
Impairment losses of available-for-sale financial assets		–	281,782	–	146,769
Net unrealised gain on foreign exchange		(66,660)	(118,655)	(142,716)	(178,289)
Provision for impairment:					
- advances to subsidiary companies		–	–	2,466	1,370
- receivables		15,009,562	–	–	–
Inventories written off		95,399	54,673	–	–
Interest income:					
- deposits		(1,849,178)	(3,562,378)	(715,229)	(3,026,304)
- charged to a subsidiary company		–	–	(670,344)	(14,870)
Interest expenses		946,910	–	–	–
Dividend income from available-for-sale financial assets		–	(3,003,460)	–	(2,659,305)
Dividend income from financial assets at fair value through profit or loss		(2,732,191)	–	(2,542,415)	–
Dividend income from subsidiary companies		–	–	(3,000,000)	(6,375,000)
Reversal of share option expenses		–	(292,707)	–	(271,320)
Amortisation of intangible assets		11,902,913	–	–	–
Taxation		5,503,598	5,187,750	805,269	1,187,374
		84,576,905	23,891,317	7,848,183	12,750,006

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Changes in working capital:					
Net amounts due to customers on contracts		–	(2,430,744)	–	–
Contract assets/liabilities		8,360,411	–	–	–
Inventories		(4,202,259)	3,290,161	–	–
Receivables		(52,955,432)	21,189,198	(1,346,152)	12,525
Payables		(6,852,129)	(13,310,584)	(365,213)	(329,726)
Amounts due from subsidiary companies		–	–	2,913,218	9,522,598
Cash from operations		28,927,496	32,629,348	9,050,036	21,955,403
Tax paid		(5,536,291)	(7,716,039)	(3,727,083)	(3,988,925)
Tax refunded		3,016,775	518	125,289	–
Interest income received		1,910,776	3,664,065	1,440,372	3,124,381
Interest paid		(946,910)	–	–	–
Net cash flows generated from operating activities		27,371,846	28,577,892	6,888,614	21,090,859
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	13	(24,628,155)	(578,344)	(390,495)	(219,557)
Proceeds from disposals of property, plant and equipment		10,500,050	582,170	10,500,000	563,774
Purchases of available-for-sale financial assets		–	(34,058,720)	–	(24,995,036)
Purchases of financial assets at fair value through or loss		(64,040,565)	–	(51,230,684)	–
Proceeds from disposals of available-for-sale financial assets		–	35,741,834	–	23,530,952
Proceeds from disposals of financial assets at fair value through profit or loss		33,906,190	–	22,355,260	–
Acquisition of subsidiary company	14	(13,207,191)	–	(16,914,800)	–
Dividend income received		2,779,949	2,892,587	5,564,342	8,959,554
Advances to subsidiary companies		–	–	(37,450,294)	(554,150)
Repayment of advances from subsidiary companies		–	–	21,958,508	553,000
Decrease/(Increase) in short-term deposits and bank balances used for investment purposes		8,199,872	(13,225,782)	7,108,956	(9,975,145)
Net cash flows used in investing activities		(46,489,850)	(8,646,255)	(38,499,207)	(2,136,608)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(33,172,960)	(32,990,336)	(33,172,960)	(32,990,336)
Proceeds from ESOS exercised		–	3,242,614	–	3,242,614
Repayment of capital distribution to subsidiary companies		–	–	–	(21,387)
Proceeds from bank borrowings		9,537,164	–	–	–
Repayment of finance leases		(6,917,061)	–	–	–
Repayment of bank borrowings		(14,487,782)	–	–	–
Net cash flows used in financing activities		(45,040,639)	(29,747,722)	(33,172,960)	(29,769,109)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(64,158,643)	(9,816,085)	(64,783,553)	(10,814,858)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		167,099,638	176,794,576	149,489,781	160,126,350
CURRENCY TRANSLATION DIFFERENCES		(186,905)	121,147	(47,366)	178,289
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	22	102,754,090	167,099,638	84,658,862	149,489,781

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

Reconciliation of liabilities arising from financing activities:

A reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

Group	**Bank borrowings RM**	**Finance leases RM**
At 1 July 2018	–	–
Effect of acquisition of a subsidiary (Note 14)	12,507,169	13,129,324
Cash flows:		
Proceeds	9,537,164	–
Repayments	(14,487,782)	(6,917,061)
Non-cash changes:		
Additions of hire purchase (Note(a))	–	13,096,323
Effect of foreign exchange differences	(295,519)	(272,219)
Interest charged	409,526	537,384
At 30 June 2019	7,670,558	19,573,751

Note (a)

Included in the additions of hire purchase of RM13,096,323 is an amount of RM595,894 in respect of assets acquired in the previous financial year.

1 GENERAL INFORMATION

The principal activities of the Company consist of investment holding and undertaking of piling contracts, civil engineering and building construction works and rental of plant and machinery.

The principal activities of the subsidiary companies are set out in Note 14 to the financial statements.

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

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

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

No. 8, Jalan Majistret U1/26,
HICOM-Glenmarie Industrial Park,
40150 Shah Alam,
Selangor Darul Ehsan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparing the consolidated financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(a) Basis of preparation

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

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments, and improvement to published standards and interpretations that are effective for the Group's and the Company's financial year beginning on or after 1 July 2018 are as follows:

- MFRS 9 'Financial Instruments'

  The Group and the Company have applied MFRS 9 retrospectively with the date of initial application of 1 July 2018. In accordance with the transitional provisions provided in MFRS 9, comparative information for the financial year ended 30 June 2018 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139. The cumulative effects of initially applying MFRS 9 were recognised as an adjustment to the opening balance of retained earnings as at 1 July 2018.

  Investments in marketable securities are reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss as at 1 July 2018. The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 July 2018 are compared as follows:

Statements of financial position

	Measurement category		Carrying amount		
Group	**Original (MFRS 139) RM**	**New (MFRS 9) RM**	**Original (MFRS 139) RM**	**Reclassifi-cations RM**	**New (MFRS 9) RM**
Non-current assets					
Available-for-sale financial assets	Available for sale		28,469,441	(28,469,441)	–
Financial assets at fair value through profit or loss ("FVTPL")		FVTPL	–	28,469,441	28,469,441
Company					
Non-current assets					
Available-for-sale financial assets	Available for sale		18,296,081	(18,296,081)	–
Financial assets at fair value through profit or loss ("FVTPL")		FVTPL	–	18,296,081	18,296,081

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Standards, amendments to published standards and interpretations that are effective (continued)

- MFRS 9 'Financial Instruments' (continued)

Statements of changes in equity

Related fair value gains of the Group and the Company previously recognised in available-for-sale reserve amounting to RM5,124,725 and RM2,957,567 respectively are transferred to retained earnings on 1 July 2018.

Impact on the change in the accounting policies on the Group's and the Company's retained earnings as at 1 July 2018 is as follows:

Group	**Retained earnings RM**	**Available-for-sale reserve RM**
As previously reported at 30 June 2018	139,409,377	5,124,725
Impact of adoption of MFRS 9:		
Adjustment to retained earnings upon adoption of MFRS 9	5,124,725	(5,124,725)
As restated at 1 July 2018	144,534,102	–
Company		
As previously reported at 30 June 2018	52,141,802	2,957,567
Impact of adoption of MFRS 9:		
Adjustment to retained earnings upon adoption of MFRS 9	2,957,567	(2,957,567)
As restated at 1 July 2018	55,099,369	–

Except as disclosed above, there is no other impact on the classification and measurement recognised in relation to the remaining financial assets and financial liabilities from the adoption of MFRS 9. See Note 30 on the measurement category for each class of financial assets and financial liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Standards, amendments to published standards and interpretations that are effective (continued)

- MFRS 15 'Revenue from Contracts with Customers'

  MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provides a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  The adoption of MFRS 15 resulted in changes in accounting policies for revenue recognition as disclosed in Note 2(b), and had no material financial impact to the financial statements of the Group and of the Company other than those set out below.

  The Group and the Company have applied MFRS 15 with the date of initial application of 1 July 2018 by using the modified retrospective transition method. Under the modified retrospective transition method, the Group and the Company apply the new policy retrospectively only to contracts that are not completed contracts at the date of initial application. Accordingly, the comparative information for the financial year ended 30 June 2018 was not restated. There is no material impact noted on the initial application of MFRS 15 except for the reclassification of amounts due from/(to) customers on contracts to contract assets and contract liabilities respectively, as set out below. There is no adjustment made to the opening balance of the retained earnings as at 1 July 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118.

  The impact of MFRS 15 on the Group's financial position as at 1 July 2018 is as follows:

  Statement of financial position

Group		**Carrying amount**	
	Original (MFRS 111) RM	**Reclassifications RM**	**New (MFRS 15) RM**
Current assets			
Amounts due from customers on contracts	1,692,940	(1,692,940)	–
Contract assets	–	1,692,940	1,692,940
Current liabilities			
Amounts due to customers on contracts	146,136	(146,136)	–
Contract liabilities	–	146,136	146,136

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Standards, amendments to published standards and interpretations that are effective (continued)

- MFRS 15 'Revenue from Contracts with Customers' (continued)

Statement of financial position (continued)

Had the Group continued to apply the previous accounting policies in accordance with MFRS 111 on these transactions as at 30 June 2019, the impact on each affected financial statement line item would be as follows:

	2019 As reported RM	Adjustments RM	2019 Without adoption of MFRS 15 RM
Current assets			
Amounts due from customers on contracts	–	286,816	286,816
Contract assets	286,816	(286,816)	–
Current liabilities			
Amounts due to customers on contracts	–	13,627,910	13,627,910
Contract liabilities	13,627,910	(13,627,910)	–

There is no impact to the statements of comprehensive income had the Group continued to apply MFRS 111 for the financial year ended 30 June 2019.

The amendments to published standards and interpretation set out below do not result in a significant change to accounting policies and do not have a material impact on the financial statements of the Group and of the Company:

- Amendments to MFRS 2 'Share-based Payment – Classification and Measurement of Share-based Payment Transactions'
- Amendments to MFRS 140 'Clarification on "Change in Use" – Assets transferred to, or from, Investment Properties'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the new standards, amendments to standards and interpretations in the following periods:

Financial year beginning on 1 July 2019

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations
- IC Interpretation 23 'Uncertainty over Income Tax Treatments' Amendments
- Annual Improvements to MFRSs 2015 - 2017 Cycle
- Amendments to MFRS 119 'Plan amendment, curtailment or settlement'

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

Financial year beginning on 1 July 2020

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'

The above standards, amendments, interpretations and annual improvements to published standards are not anticipated to have any significant impact on the financial statements of the Group and the Company in the year of initial application.

(b) Revenue recognition

Revenue is recognised when it is probable that economic benefits will flow to the Group or the Company and when they can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

Accounting policies applied from 1 July 2018 (MFRS 15)

(i) Contract revenue

Contract revenue with customers include contracts relating to geotechnical and foundation engineering services.

These contracts may include multiple performance obligations as they are not highly integrated. Hence, the transaction price will be allocated to each performance obligation based on the standalone selling price.

Where the contracts are highly integrated, they are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation.

Revenue are recognised over time when control of the asset is transferred over time when the Group's performance:

- creates and enhances an asset that the customer controls as the services are being performed; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. No element of financing is deemed present as the payment schedule and credit terms of 30 days to 120 days are consistent with the market practice.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer or the negotiations on the variation claims have reached an advanced stage such that it is probable that the customer will accept the claims and the claims are capable of being reliably measured.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (continued)

Accounting policies applied from 1 July 2018 (MFRS 15) (continued)

(i) Contract revenue (continued)

The 'percentage-of-completion method' is used to determine the appropriate amount to be recognised as revenue in a given period. The stage of completion 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 outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

(ii) Sales of metal containers

Under the five-step model introduced by MFRS 15, the Group recognises revenue after identifying the contact with its customers and the relevant performance obligations (transfer of goods/or services), determining the consideration to which it is expected to be entitled in exchange for performing each of said obligations, and assessing how to perform these obligations (at a specific point in time versus over time).

Revenue from the sale of goods is recognised based on the price specified in the contract (net of discounts and taxes collected on behalf) at the point when the control of the assets has been transferred to the customer, i.e. when the assets is delivered to the customer in accordance with contractual provisions and the customer acquired the ability to direct the use of and obtain substantially all the benefits from the asset.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sale of goods are either on cash terms or on credit terms of 30 to 120 days, which is consistent with market practice.

Other sources of revenue:

(iii) Rental of machinery

Revenue from rental of machinery is recognised based on the rental period when the machinery are used by the customers.

(iv) Dividend income

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

(v) Interest income

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

(vi) Property investment

Rental income is recognised on an accrual basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (continued)

Accounting policies applied until 30 June 2018

(i) Construction contracts

Revenue from construction contracts is recognised based on the 'percentage-of-completion method'.

The 'percentage-of-completion method' is used to determine the appropriate amount to be recognised in a given period. The stage of completion 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 outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'receivables'. The Group presents as a liability the gross amounts due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(ii) Sale of goods

Revenue from the sale of goods is based on the value invoiced to customers during the financial year less returns and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(iii) Rental of machinery

Revenue from rental of machinery are recognised upon performance of services rendered and acceptance of services rendered by customers.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

(vi) Property investment

Rental income is recognised on an accrual basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Consolidation

(i) Subsidiaries

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Consolidation (continued)

(iii) Disposal of subsidiaries

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

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

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

(d) Investments in subsidiaries

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

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount and are included in 'other operating income or expenses' in profit or loss.

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

Freehold building	2%
Leasehold building	4.5% - 5.5%
Plant and machinery	10% - 20%
Motor vehicles	10% - 33%
Site equipment	10% - 20%
Site office and workshop	10% - 40%
Office equipment	10% - 40%
Furniture and fittings	10% - 33%
Office renovation	10% - 20%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

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

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

(f) Investment properties

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

Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives of 30 to 50 years.

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

Investment property is de-recognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount and are included in 'other operating income or expenses' in profit or loss.

(g) Impairment of non-financial assets

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets

Accounting policies applied from 1 July 2018

(i) Classification

From 1 July 2018, the Group classifies the financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measure at amortised cost.

(ii) Recognition and derecognition

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

(iii) Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in on fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income. Dividends from such investments continue to be recognised in the statement of comprehensive income as other income when the Group's right to receive payments is established.

(iv) Subsequent measurement - Impairment

Impairment for debt instruments

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has three types of financial instruments, trade receivables, other receivables and amounts due from related companies that are subject to the ECL model.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)

(iv) Subsequent measurement - Impairment (continued)

Impairment for debt instruments (continued)

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

The measurement of ECL reflects:

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

Simplified approach for trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

General 3-stage approach for other receivables and amounts due from subsidiary companies

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

Significant increase in credit risk

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

The following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Accounting policies applied from 1 July 2018 (continued)

(iv) Subsequent measurement - Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

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

Groupings of instruments for ECL measured on collective basis:

(i) Collective assessment

To measure ECL, trade receivables arising from revenue from contracts with customers have been grouped based on shared credit risk characteristics and the days past due.

(ii) Individual assessment

Trade receivables arising from construction contracts and those receivables which are in default or credit-impaired are assessed individually.

Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables and amounts due from related companies

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. There is no outstanding contractual amounts of such assets written off during the financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Accounting policies applied until 30 June 2018

(i) Classification

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise 'amounts due from customers on contracts', 'receivables' (excluding advance payments, prepayments and GST receivables), 'amounts due from subsidiary companies', 'short-term deposits', and 'cash and bank balances' in the statements of financial position (Notes 18, 20, 21 and 22).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the end of the reporting period.

(ii) Recognition and initial measurement

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

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets for all financial assets not carried at fair value through profit or loss.

(iii) Subsequent measurement - gains and losses

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income with a corresponding adjustment in the available-for-sale reserve in equity, except for impairment losses (Note 2(h)(iv)) and foreign exchange gains and losses on monetary assets (Note 2(p)(ii)).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Accounting policies applied until 30 June 2018 (continued)

(iv) Subsequent measurement - Impairment of financial assets

(a) Financial assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The asset’s carrying amount is reduced and the amount of the loss is recognised in profit or loss. If ‘loans and receivables’ has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(b) Assets classified as available-for-sale financial assets

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, in addition to the criteria for ‘assets carried at amortised cost’ above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss in subsequent periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Accounting policies applied until 30 June 2018 (continued)

(v) De-recognition

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

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(j) Contract assets and contract liabilities

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

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

Contract liabilities 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 construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

(k) Cash and cash equivalents

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

(l) Share capital

(i) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Share issue costs

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Share capital (continued)

(iii) Dividends

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(m) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities within the scope of MFRS 9 are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method except for derivatives which are measured at fair value, if any.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is de-recognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow or resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred income tax

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

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

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

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

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

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

(p) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in foreign operation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Foreign currencies (continued)

(ii) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss on a net basis within 'other operating income or expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale in the previous financial year, were included in other comprehensive income.

(q) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group. These benefits are accrued when incurred and are measured on an undiscounted basis.

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(r) Share-based payments

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

(i) including any market performance conditions (for example, an entity's share price); and

(ii) excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market vesting conditions and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share-based payments (continued)

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

(s) Contingent assets and liabilities

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

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

(t) Inventories

(i) Finished goods, raw materials, construction materials and supplies and work in progress

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labour, other direct costs and an appropriate proportion at variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

(ii) Properties

Properties acquired for resale purposes comprise land, direct building costs and other related development costs. Properties are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis.

(u) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(v) Segment reporting

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

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity (comprising issued capital, reserves and retained earnings). At the reporting date, the Group is not subject to any externally imposed capital requirements.

Financial risk management

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risks (including price risk, interest rate risk and foreign currency exchange risk), credit risk and liquidity and cash flows risk. 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. Financial risk management is carried out through risk reviews, internal control systems and insurance programme.

(a) Market risks

(i) Price risk

The Group and the Company are exposed to equity securities price risk arising from its equity investments. To manage its price risk arising from investment in equity securities, the Group and the Company diversify the portfolio which is managed by independent fund managers.

A 5% increase/decrease to the market price of these marketable securities at the reporting date, with other variables held constant, would result in the profit after tax of the Group and the Company for the financial year to be RM2,853,160 and RM2,227,713 higher/lower, respectively. The effects to the other comprehensive income of the Group and the Company for the previous financial year arising from a 5% increase/decrease to the market price of these marketable securities are RM1,423,472 and RM914,804 respectively.

(ii) Interest rate risk

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

The Group and the Company's exposure to interest rate risks relates primarily to the time deposits and interest bearing floating rate borrowings.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manage their interest rate risks by placing such funds on short tenures of 12 months or less.

The Group and the Company generally borrow principally on a floating rate basis (other than hire purchase liabilities which are based on fixed interest rates) and ensure that interest rates obtained are competitive.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management (continued)

(a) Market risks (continued)

(ii) Interest rate risk (continued)

If the Group's borrowings at variable rates change by the following basis points, with all other variables being held constant, the effects on profit before tax would be as follows:

	Group	
	2019 RM	2018 RM
Floating rate instruments:		
- increase by 30 basis points	(1,234)	–
- decrease by 30 basis points	1,234	–

(iii) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group and the Company are exposed to foreign currency exchange risk as a result of foreign currency transactions entered with third parties in currencies other than Ringgit Malaysia, primarily in Hong Kong Dollar ("HKD"), Singapore Dollar ("SGD"), Indonesian Rupiah ("IDR"), Philippine Peso ("PHP"), Japanese Yen ("JPY"), Korean Won ("KRW") and United States Dollar ("USD").

The Group's exposure to foreign currencies other than functional currencies of the group entities which are in Ringgit Malaysia, in respect of its monetary assets and liabilities are as follows:

	Financial assets at fair value through profit or loss RM	Receivables RM	Short-term deposits and bank balances RM	Payables RM	Net financial assets/ (liabilities) RM
At 30 June 2019					
HKD	9,505,625	22,999	3,450,676	–	12,979,300
SGD	4,800,191	383,189	3,419,969	(23,714)	8,579,635
IDR	3,912,202	–	1,363,083	–	5,275,285
PHP	2,129,478	6,121	5,423	–	2,141,022
JPY	5,256,264	–	364,248	–	5,620,512
KRW	6,858,488	–	–	–	6,858,488
USD	–	–	561,593	(4,307,537)	(3,745,944)
Others	967,422	–	102,413	–	1,069,835
Total	33,429,670	412,309	9,267,405	(4,331,251)	38,778,133

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management (continued)

(a) Market risks (continued)

(iii) Foreign currency exchange risk (continued)

	Available-for-sale financial assets RM	Receivables RM	Short-term deposits and bank balances RM	Payables RM	Net financial asset RM
At 30 June 2018					
HKD	11,774,878	47,627	57,136	–	11,879,641
SGD	1,786,798	1,161,177	636,028	(46,951)	3,537,052
IDR	2,805,402	–	–	–	2,805,402
USD	–	–	8,487,004	(44,590)	8,442,414
JPY	5,544,387	–	–	–	5,544,387
EURO	–	–	198,722	–	198,722
Others	1,237,691	26,782	–	–	1,264,473
Total	23,149,156	1,235,586	9,378,890	(91,541)	33,672,091

The Company's exposure to foreign currencies in respect of its monetary assets and liabilities are as follows:

	Financial assets at fair value through profit or loss RM	Receivables RM	Amount due from subsidiary company RM	Short-term deposits and bank balances RM	Payables RM	Net financial asset RM
At 30 June 2019						
HKD	4,961,349	12,003	–	1,789,205	–	6,762,557
SGD	2,497,515	–	15,780,124	3,391,827	–	21,669,466
IDR	2,039,632	–	–	710,293	–	2,749,925
PHP	1,263,499	6,121	–	2,825	–	1,272,445
JPY	5,256,264	–	–	364,248	–	5,620,512
KRW	6,858,488	–	–	–	–	6,858,488
Others	504,243	–	–	605,104	–	1,109,347
Total	23,380,990	18,124	15,780,124	6,863,502	–	46,042,740

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management (continued)

(a) Market risks (continued)

(iii) Foreign currency exchange risk (continued)

	Available-for-sale financial assets RM	Receivables RM	Short-term deposits and bank balances RM	Net financial asset RM
At 30 June 2018				
HKD	6,130,471	24,807	28,672	6,183,950
SGD	928,011	276,657	32,780	1,237,448
IDR	1,461,066	–	–	1,461,066
USD	–	–	7,365,388	7,365,388
JPY	5,544,387	–	–	5,544,387
EURO	–	–	198,722	198,722
Others	780,320	13,947	–	794,267
Total	14,844,255	315,411	7,625,562	22,785,228

The following table demonstrates the sensitivity of the Group's and the Company's total comprehensive income for the financial year to the reasonable change in major currency exchange rates against Ringgit Malaysia, with all other variables held constant.

	Strengthen by %	Increase/(Decrease) in equity for the financial year 2019 RM	2018 RM
Group			
HKD against RM	1% (2018: 1%)	129,793	118,796
SGD against RM	2% (2018: 1%)	487,195	35,371
IDR against RM	1% (2018: 1%)	52,753	28,054
PHP against RM	1% (2018: Nil)	21,410	–
JPY against RM	1% (2018: 1%)	56,205	55,444
KRW against RM	3% (2018: Nil)	205,755	–
USD against RM	1% (2018: 1%)	(37,459)	84,424
EURO against RM	Nil (2018: 2%)	–	3,974

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management (continued)

(a) Market risks (continued)

(iii) Foreign currency exchange risk (continued)

The following table demonstrates the sensitivity of the Group's and the Company's total comprehensive income for the financial year to the reasonable change in major currency exchange rates against Ringgit Malaysia, with all other variables held constant.

	Strengthen by %	Increase/(Decrease) in equity for the financial year 2019 RM	2018 RM
Company			
HKD against RM	1% (2018: 1%)	67,626	61,840
SGD against RM	2% (2018: 1%)	433,389	12,374
IDR against RM	1% (2018: 1%)	27,499	14,610
PHP against RM	1% (2018: Nil)	12,724	–
JPY against RM	1% (2018: 1%)	56,205	55,444
KRW against RM	3% (2018: Nil)	205,755	–
USD against RM	Nil (2018: 1%)	–	73,654
EURO against RM	Nil (2018: 2%)	–	3,974

A similar percentage decrease in the foreign exchange rate would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(b) Credit risk

The Group's exposure to credit risk is monitored on an ongoing basis. The Group has credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's credit management procedures which include the application of credit evaluations or approvals and follow up procedures.

The Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

The Group seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. Furthermore, sales to customers are suspended when overdue amounts have reached the credit limits assigned to them.

The Group actively monitors the utilisation of credit limits to manage the risk of any material loss from the non-performance of its counter-parties.

The Group has applied MFRS 9 "Financial Instruments" on 1 July 2018 which requires the impairment of loans and receivables to be assessed using the expected credit loss ("ECL") model. ECL represents a probability-weighted estimate of the difference between the present value of contractual cash flows and the present value of cash flows that the Group expects to receive, over the remaining life of the financial instrument.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management (continued)

(b) Credit risk (continued)

The Group and the Company have the following financial instruments that are subject to the ECL model:
- Trade receivables
- Contract assets
- Other receivables
- Amounts due from subsidiary companies
- Cash and bank balances

Simplified approach for trade receivables and contract assets (including intercompany trade balances)

The Group applies the simplified approach in measuring the ECL as prescribed by MFRS 9, which estimates a lifetime expected loss provision for all trade receivables and contract assets. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis based on two different approaches, namely the collective assessment and individual assessment.

In calculating credit loss rates under the collective assessment, the trade receivables have been group based on their credit risk profile and characteristics and the days past due, and the historical loss rates are further adjusted for forward looking information.

The Group applies individual debtor assessment for debtors with different risk characteristics, where the credit risk information of these debtors is obtained and monitored individually. The Group assessed the lifetime ECL based on the PD*LGD*EAD approach which is further defined below:

PD	Probability of default (the likelihood that the borrower cannot pay during the contractual period)
LGD	Loss given default (Percentage of contractual cash flows that will not be collected if default happens)
EAD	Exposure at default (Outstanding amount that is exposed to default risk)

The Group has taken into account the probability-weighted recoverable amount determined via the evaluation of a range of possible outcomes. In deriving the PD and LGD, the Group considers historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group has considered the industry which the debtor operates in, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

As at 30 June 2019, the Group's trade receivables of RM165,283,087 (2018: Nil) and RM9,117,150 (2018: Nil) were subject to expected credit losses under the individual and collective assessment respectively.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management (continued)

(b) Credit risk (continued)

The Group's ECL on collective assessment is not significant at the end of the reporting period as a significant portion of the outstanding balances were received subsequent to the year end. The ECL as at the reporting date is mainly in respect of the receivables balances which are assessed on an individual basis. Further analysis of the trade debtor profile as at 30 June 2019 is as follows:

	Gross individual receivables RM	Expected credit loss RM	Net trade receivables RM
Not past due	91,916,356	–	91,916,356
1 to 60 days overdue	18,631,757	–	18,631,757
61 to 120 days overdue	5,098,464	–	5,098,464
121 to 365 days overdue	42,102,829	(13,935,159)	28,167,670
Past due over 365 days	16,650,831	(675,762)	15,975,069
Total	174,400,237	(14,610,921)	159,789,316

General 3-stage approach for bank deposits and other receivables (including non-trade intercompany balances)

The Group uses 3 categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's ECL model is as follows:

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

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL using a PD*LGD*EAD methodology. Other receivables, including intercompany balances are considered to have low default risk, and thus the impairment provision recognised during the period was limited to 12 months expected credit losses. These receivables are considered to be low credit risk as the counterparties have strong financial capacity to meet their contractual cash flow obligations in the near future.

Bank balances are placed with licensed financial institutions with high credit ratings assigned by credit rating agencies, hence, the credit risk is considered to be low.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management (continued)

(b) Credit risk (continued)

Comparative information under MFRS 139

(i) Financial assets that are neither past due nor impaired

Bank deposits placed with banks which have high credit-ratings as determined by credit rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Group. Amounts due from related companies are neither past due nor impaired as they have good payments records with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables. Aging analysis of the net amount of trade receivables are as follows:

Group

30 June 2018

	Gross individual receivables RM	Individual impairment RM	Net trade receivables RM
Not past due	33,518,641	–	33,518,641
1 to 60 days overdue	10,021,168	–	10,021,168
61 to 120 days overdue	3,191,882	–	3,191,882
121 to 365 days overdue	11,319,892	–	11,319,892
Past due over 365 days	6,485,968	(797,966)	5,688,002
Total	64,537,551	(797,966)	63,739,585

An allowance for impairment of trade receivables is recorded when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Specific allowances are made in respect of customers who are facing legal action for recovery of debts or who are experiencing cash flow constraints in their operations. Groups of trade receivables which share similar credit risk characteristics are assessed using historical trend data adjusted to reflect the effect of current conditions where appropriate.

Trade receivables that are past due but not impaired are principally less than 120 days past due. No impairment has been recognised on these amounts as the Group is closely monitoring these receivables and these customers have no prior history of bad or doubtful debts.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk management (continued)

(c) Liquidity risk

The Group's policy on liquidity risk management is to maintain sufficient cash and have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

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

	Within 1 year RM	Between 1 and 5 years RM	Over 5 years RM	Total RM
Group				
At 30 June 2019				
Trade payables	77,355,993	–	–	77,355,993
Other payables and accruals	26,841,401	–	–	26,841,401
Dividend payable	13,269,184	–	–	13,269,184
Borrowings:				
- principal	7,630,429	15,077,088	4,536,792	27,244,309
- interest	804,636	1,586,538	642,568	3,033,742
	125,901,643	16,663,626	5,179,360	147,744,629

	Within 1 year RM
At 30 June 2018	
Trade payables	18,308,437
Other payables and accruals	5,324,959
Dividend payable	13,269,184
	36,902,580

	2019 RM	Within 1 year 2018 RM
Company		
Trade payables	25,195	40,956
Other payables and accruals	345,468	736,546
Dividend payable	13,269,184	13,269,184
	13,639,847	14,046,686

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other liabilities approximated their respective fair values due to relatively short-term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

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

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

The following table presents the Group's and the Company's financial assets that are measured at fair value.

	Level 1 RM	Total RM
Group		
At 30 June 2019		
Financial assets at fair value through profit or loss:		
- marketable securities	57,063,199	57,063,199
At 30 June 2018		
Available-for-sale financial assets		
- marketable securities	28,469,441	28,469,441
Company		
At 30 June 2019		
Financial assets at fair value through profit or loss:		
- marketable securities	44,554,259	44,554,259
At 30 June 2018		
Available-for-sale financial assets		
- marketable securities	18,296,081	18,296,081

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Construction contracts

Revenue is recognised when or as 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, revenue is recognised over the period of the contract by reference to the progress, based on the stage of completion method. The stage of completion of a construction contract is measured by reference to the proportion of the contract costs incurred for work performed to-date bear to the estimated total costs for the contract. When it is probable that the estimated total contract costs of a contract will exceed the total contract revenue of the contract, the expected loss on the contract is recognised as an expense immediately.

Significant judgement is required in determining the extent of construction costs incurred to date, estimated total construction costs, which include rectification works to be carried out, the uncertified variation orders and claims from customers, and liquidated ascertained damages for the projects which are completed or expected to be completed beyond the contractual completion dates. In making the judgement, the Group relied on past experience and work of specialists, if deemed necessary, circumstances of the projects and specific past experiences with the customers. In addition, the Group made an assessment on the latest information available on the progress of the projects at site in determining the expected completion dates of the projects which have been delayed.

Any changes in any of the components may have a significant impact on the financial results of the Group.

If the estimated costs to complete in respect of projects which are still on-going as at 30 June 2019 were 5% higher/lower with all other variables held constant, this would decrease/increase the pre-tax profit of the Group by approximately RM2,063,599.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Provision for impairment of receivables

The measurement of ECL allowance for the outstanding trade receivable balance is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour of the customers. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in Note 3(b). Areas of significant judgements involved in the measurement of ECL are detailed as follows:

- Establishing groups of similar customers for the purpose of measuring ECL on collective basis

  Where ECL measurement is determined on collective basis, the receivables are grouped on the basis of shared risk characteristics, such that risk exposures within a group are similar. Note 3(b) sets out the characteristics considered by the Group in this judgement. Depending on how the groupings are determined for which expected loss rates applied, the measurement of ECL outcome differs accordingly. The Group considers all available reasonable and supportable information that is forward-looking in deriving the groupings. The appropriateness of groupings is monitored and reviewed on periodic basis by the Group.

- Individual assessment for the purpose of measuring ECL

  The Group uses judgement in determining the risk of default and expected loss rates to be applied in the assessment of loss allowance for these customers. The imipairment assessment includes evaluation of the Group's past history of loss rate, the creditworthiness and financial health of the customers, existing market conditions and forward looking estimates at the reporting date.

- Determining the number and relative weightings of forward-looking scenarios

  The Group measures loss allowance at the probability-weighted amount that reflects the possibility of credit loss occurring. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios.

(c) Income taxes and deferred tax assets

Significant judgement is required in determining the recognition of income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised. The quantum of deferred tax assets not recognised is disclosed in Note 17.

5 REVENUE

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue from contracts with customers:				
- construction contracts	279,846,403	63,581,798	–	–
- sale of goods	35,912,843	31,920,081	–	–
	315,759,246	95,501,879	–	–
Other sources of income:				
- dividend income from subsidiary companies (gross)	–	–	3,000,000	6,375,000
- income from rental of machinery	159,573	410,000	10,273,098	14,485,725
	159,573	410,000	13,273,098	20,860,725
	315,918,819	95,911,879	13,273,098	20,860,725
Revenue from contracts with customers is represented by:				
- over time	279,846,403	63,581,798	–	–
- point in time	35,912,843	31,920,081	–	–
	315,759,246	95,501,879	–	–

6 FINANCE COST

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Interest expense:				
- bank borrowings	409,526	–	–	–
- finance lease liabilities	537,384	–	–	–
	946,910	–	–	–

7 PROFIT BEFORE TAXATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after charging:				
Auditors' remuneration:				
Audit fees:				
- current financial year	230,648	158,000	53,000	53,000
- prior financial year	–	29,650	–	18,000
Other fees:				
- current year	8,500	8,500	8,500	8,500
Provision for impairment:				
- advances to subsidiary companies	–	–	2,466	1,370
- receivables	15,009,562	–	–	–
Provision for foreseeable loss	2,736,266	371,000	–	–
Provision for rectification cost	7,330,280	–	–	–
Depreciation of:				
- property, plant and equipment	20,210,908	13,128,654	9,582,641	11,862,829
- investment properties	3,849	3,849	–	–
Property, plant and equipment written off	330,399	5,288	–	–
Inventories written off	95,399	54,673	–	–
Sub-contractor costs	31,029,432	10,033,159	–	–
Direct construction materials	68,096,250	14,569,293	–	–
Direct construction expenses	45,335,932	7,445,021	–	–
Plant and machinery services	25,815,840	1,512,444	913,769	–
Raw materials consumed	21,292,963	18,080,670	–	–
Manufacturing expenses	5,149,290	4,606,753	–	–
Staff cost (including remuneration of Directors) (Note 9)	35,840,357	16,267,982	790,807	504,964
Rental of accommodation	129,815	29,127	–	–
Directors' fees	60,000	75,000	60,000	75,000
Impairment losses of available-for-sale financial assets	–	281,782	–	146,769
Fair value loss on financial assets at fair value through profit or loss	2,259,419	–	3,594,168	–
Amortisation of intangible assets (Note 14)	11,902,913	–	–	–

7 PROFIT BEFORE TAXATION (CONTINUED)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after crediting:				
Dividend income from available-for-sale financial assets (gross)	–	3,003,460	–	2,659,305
Dividend income from financial assets at fair value through profit or loss	2,732,191	–	2,542,415	–
Dividend income from subsidiary companies	–	–	3,000,000	6,375,000
Gain on disposals of property, plant and equipment	3,035,913	539,477	3,036,808	563,774
Gain on disposals of available-for-sale financial assets	–	3,143,443	–	2,355,386
Gain on disposals of financial assets at fair value through profit or loss	171,767	–	643,328	–
Interest income				
- deposits	1,849,178	3,562,378	715,229	3,026,304
- charged to a subsidiary company	–	–	670,344	14,870
Net unrealised gain on foreign exchange	66,660	118,655	142,716	178,289
Net realised gain on foreign exchange	333,497	134,696	290,222	207,670

In addition, construction contract cost of the Group recognised as an expense during the financial year amounted to RM219,351,851 (2018: RM55,452,059). Inventory costs of the Group recognised as an expense during the financial year amounted to RM30,574,709 (2018: RM26,645,517). Included in cost of sales of the Group and the Company is depreciation expense amounting to RM19,538,127 (2018: RM12,829,224) and RM9,371,877 (2018: RM11,678,902) respectively.

8 OPERATING COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Expenses by nature				
Sub-contractor costs	31,029,432	10,033,159	–	–
Direct construction materials	68,096,250	14,569,293	–	–
Direct construction expenses	45,335,932	7,445,021	–	–
Plant and machinery services	25,815,840	1,512,444	913,769	–
Raw materials consumed	21,292,963	18,080,670	–	–
Manufacturing expenses	5,149,290	4,606,753	–	–
Provision for impairment:				
- advances to subsidiary companies	–	–	2,466	1,370
- receivables	15,009,562	–	–	–
Depreciation of:				
- property, plant and equipment	20,210,908	13,128,654	9,582,641	11,862,829
- investment properties	3,849	3,849	–	–
Inventories written off	95,399	54,673	–	–
Staff cost (including remuneration of Directors) (Note 9)	35,840,357	16,267,982	790,807	504,964
Rental of accommodation	129,815	29,127	–	–
Impairment losses of available-for-sale financial assets	–	281,782	–	146,769
Fair value loss on financial assets at fair value through profit or loss	2,259,419	–	3,594,168	–
Provision for foreseeable loss	2,736,266	371,000	–	–
Provision for rectification cost	7,330,280	–	–	–
Amortisation of intangible assets	11,902,913	–	–	–
Other operating costs	2,081,710	2,901,619	1,791,202	1,205,802
Total cost of sales, administrative expenses and other operating expenses	294,320,185	89,286,026	16,675,053	13,721,734

9 STAFF COST (INCLUDING REMUNERATION OF DIRECTORS)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Wages, salaries and bonuses	29,511,920	14,657,654	702,052	688,842
Defined contribution plan	2,196,661	1,532,547	84,684	83,922
Other employee benefits	4,131,776	370,488	4,071	3,520
Share options granted to employees (Note 23)	–	(292,707)	–	(271,320)
	35,840,357	16,267,982	790,807	504,964

Directors' remuneration is analysed as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors:				
- salaries and bonuses	2,810,938	1,845,000	370,000	336,000
- defined contribution plan	262,903	234,720	45,000	41,520
- other employee benefits	7,417	7,157	2,440	2,345
- share options granted to Directors	–	(280,630)	–	(280,630)
	3,081,258	1,806,247	417,440	99,235
Non-Executive Directors:				
- fees	60,000	75,000	60,000	75,000
Total	3,141,258	1,881,247	477,440	174,235
Benefits-in-kind	51,250	51,250	27,300	27,300

The Executive Directors of the Company have been granted options under the Employee Share Option Scheme ("ESOS") on the same terms and conditions as those offered to other employees of the Group (Note 23).

10 TAXATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current taxation:				
- current financial year	8,434,213	5,243,398	4,487,028	3,122,743
- (over)/under provision in prior financial years	(1,052,951)	2,064,305	1,968	27,507
	7,381,262	7,307,703	4,488,996	3,150,250
Deferred taxation: (Note 17)				
- origination and reversal of temporary differences	(1,877,664)	(2,119,953)	(3,683,727)	(1,962,876)
	5,503,598	5,187,750	805,269	1,187,374

10 TAXATION (CONTINUED)

The reconciliation between the effective tax rate and the Malaysian statutory tax rate are as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Statutory income tax rate	24.0	24.0	24.0	24.0
Tax effects of:				
- effect of tax rates in foreign jurisdictions	(9.2)	–	–	–
- income not subject to tax	(7.5)	(8.3)	(29.4)	(17.6)
- expenses not deductible for tax purposes	14.4	1.1	20.3	0.7
- under provision in prior financial years	0.1	9.9	–	0.2
- deferred tax assets not recognised	0.1	0.1	–	–
- utilisation of previously unrecognised deferred tax assets	–	(1.8)	–	–
- tax incentives and rebates	(4.5)	–	–	–
Effective tax rate	17.4	25.0	14.9	7.3

11 EARNINGS PER SHARE

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

	Group	
	2019	2018
Profit attributable to equity holders of the Company (RM)	26,103,111	15,518,441
Weighted average number of ordinary shares in issue	165,864,800	165,226,784
Basic earnings per share (sen)	15.7	9.4

Diluted earnings per share of the Group is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

11 EARNINGS PER SHARE (CONTINUED)

	Group 2019	Group 2018
Profit attributable to equity holders of the Company (RM)	26,103,111	15,518,441
Weighted average number of ordinary shares in issue	165,864,800	165,226,784
Effect of dilution arising from ESOS	–	72,193
Weighted average number of ordinary shares for diluted earnings per share	165,864,800	165,298,977
Diluted earnings per share (sen)	15.7	9.4

The Group does not have in issue any financial instruments or other contracts that may entitle its holder to ordinary shares and therefore dilute its basic earnings per share in the current financial year.

12 DIVIDENDS

	Group and Company Dividend per share sen	Group and Company Amount of dividend RM
In respect of financial year ended 30 June 2018:		
- interim single-tier dividend of 8 sen per share, declared on 25 May 2018, paid on 12 July 2018	8	13,269,184
- final single-tier dividend of 12 sen per share, declared on 28 August 2018, paid on 11 January 2019	12	19,903,776
	20	33,172,960
In respect of financial year ended 30 June 2019:		
- interim single-tier dividend of 8 sen per share, declared on 24 May 2019, paid on 11 July 2019	8	13,269,184
- final single-tier dividend of 12 sen per share, recommended on 29 August 2019	12	19,903,776
	20	33,172,960

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of financial year ended 30 June 2019 of 12 sen (2018: 12 sen) per share amounting to RM19,903,776 (2018: RM19,903,776) will be proposed for the shareholders' approval. These financial statements do not reflect the proposed final dividend which will be accrued as a liability in the financial year ending 30 June 2020 when approved by the shareholders.

13 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land RM	Freehold building RM	Leasehold building RM	Plant and machinery RM	Motor vehicles RM	Site equipment RM	Site office and workshop RM	Office equipment RM	Furniture and fittings RM	Office renovation RM	Total RM
Group												
Net book value												
At 1 July 2018		17,659,232	6,553,973	–	54,123,663	1,562,447	493,654	239,405	200,499	35,630	11,024	80,879,527
Additions		–	–	2,800,160	23,968,064	810,924	9,650,916	3,537	254,021	3,757	233,099	37,724,478
Acquisition of subsidiary company	14	–	–	2,899,679	32,819,773	676,747	7,172,955	–	67,503	864	132,703	43,770,224
Disposals		–	–	–	(7,463,192)	–	–	–	(945)	–	–	(7,464,137)
Write off		–	–	–	(292,933)	–	(37,466)	–	–	–	–	(330,399)
Depreciation charge		–	(198,763)	(219,759)	(15,597,424)	(493,262)	(3,407,005)	(46,558)	(177,763)	(7,880)	(62,494)	(20,210,908)
Effect of foreign exchange differences		–	–	80,355	723,704	12,536	204,923	–	2,982	5	3,773	1,028,278
At 30 June 2019		17,659,232	6,355,210	5,560,435	88,281,655	2,569,392	14,077,977	196,384	346,297	32,376	318,105	135,397,063
At 30 June 2019												
Cost		17,659,232	11,025,079	6,390,917	273,789,948	6,370,350	29,786,801	614,963	1,960,803	280,531	680,145	348,558,769
Accumulated depreciation		–	(4,669,869)	(830,482)	(185,508,293)	(3,800,958)	(15,656,024)	(418,579)	(1,614,506)	(248,155)	(362,040)	(213,108,906)
Accumulated impairment loss		–	–	–	–	–	(52,800)	–	–	–	–	(52,800)
Net book value		17,659,232	6,355,210	5,560,435	88,281,655	2,569,392	14,077,977	196,384	346,297	32,376	318,105	135,397,063

During the current year, the Group acquired plant and machinery, site equipment and motor vehicles at an aggregate cost of RM34,429,904, of which RM12,500,429 (2018: Nil) were acquired by way of hire purchase. As at 30 June 2019, the carrying amounts of certain plant and machinery, site equipment and motor vehicles held under finance leases amounted to RM34,600,583 (2018: Nil) and these assets are pledged as securities for the related finance leases (Note 26). Leasehold buildings of the Group with net carrying amounts of RM5,560,435 (2018: Nil) were secured against bank borrowings of the Group (Note 25).

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Freehold building RM	Plant and machinery RM	Motor vehicles RM	Site equipment RM	Site office and workshop RM	Office equipment RM	Furniture and fittings RM	Office renovation RM	Total RM
Group										
Net book value										
At 1 July 2017	17,659,232	6,752,605	65,725,611	1,873,121	955,493	235,338	224,246	34,466	17,706	93,477,818
Additions	–	–	226,800	38,924	151,900	58,395	93,541	8,784	–	578,344
Disposals	–	–	–	(42,693)	–	–	–	–	–	(42,693)
Write off	–	–	–	–	–	(3,601)	(1,580)	(107)	–	(5,288)
Depreciation charge	–	(198,632)	(11,828,748)	(306,905)	(613,739)	(50,727)	(115,708)	(7,513)	(6,682)	(13,128,654)
At 30 June 2018	17,659,232	6,553,973	54,123,663	1,562,447	493,654	239,405	200,499	35,630	11,024	80,879,527
At 30 June 2018										
Cost	17,659,232	11,025,079	217,512,721	4,659,989	7,812,659	611,426	1,183,018	149,446	121,861	260,735,431
Accumulated depreciation	–	(4,471,106)	(163,389,058)	(3,097,542)	(7,266,205)	(372,021)	(982,519)	(113,816)	(110,837)	(179,803,104)
Accumulated impairment loss	–	–	–	–	(52,800)	–	–	–	–	(52,800)
Net book value	17,659,232	6,553,973	54,123,663	1,562,447	493,654	239,405	200,499	35,630	11,024	80,879,527

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Freehold building RM	Plant and machinery RM	Motor vehicles RM	Site equipment RM	Site office and workshop RM	Office equipment RM	Furniture and fittings RM	Office renovation RM	Total RM
Company										
Net book value										
At 1 July 2018	11,517,892	2,751,632	50,926,968	508,462	235,227	4,954	2,294	–	11,025	65,958,454
Additions	–	–	–	390,495	–	–	–	–	–	390,495
Disposals	–	–	(7,463,192)	–	–	–	–	–	–	(7,463,192)
Depreciation charge	–	(89,413)	(9,181,262)	(116,110)	(187,312)	(3,303)	(302)	–	(4,939)	(9,582,641)
At 30 June 2019	11,517,892	2,662,219	34,282,514	782,847	47,915	1,651	1,992	–	6,086	49,303,116
At 30 June 2019										
Cost	11,517,892	4,470,640	181,905,621	2,100,587	4,523,755	41,248	97,797	38,164	121,861	204,817,565
Accumulated depreciation	–	(1,808,421)	(147,623,107)	(1,317,740)	(4,475,840)	(39,597)	(95,805)	(38,164)	(115,775)	(155,514,449)
Net book value	11,517,892	2,662,219	34,282,514	782,847	47,915	1,651	1,992	–	6,086	49,303,116

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Freehold building RM	Plant and machinery RM	Motor vehicles RM	Site equipment RM	Site office and workshop RM	Office equipment RM	Furniture and fittings RM	Office renovation RM	Total RM
Company										
Net book value										
At 1 July 2017	11,517,892	2,841,045	61,933,555	588,126	695,239	–	8,162	–	17,707	77,601,726
Additions	–	–	209,000	–	–	8,257	2,300	–	–	219,557
Depreciation charge	–	(89,413)	(11,215,587)	(79,664)	(460,012)	(3,303)	(8,168)	–	(6,682)	(11,862,829)
At 30 June 2018	11,517,892	2,751,632	50,926,968	508,462	235,227	4,954	2,294	–	11,025	65,958,454
At 30 June 2018										
Cost	11,517,892	4,470,640	194,459,011	1,710,092	4,523,755	41,248	97,797	38,164	121,861	216,980,460
Accumulated depreciation	–	(1,719,008)	(143,532,043)	(1,201,630)	(4,288,528)	(36,294)	(95,503)	(38,164)	(110,836)	(151,022,006)
Net book value	11,517,892	2,751,632	50,926,968	508,462	235,227	4,954	2,294	–	11,025	65,958,454

14 INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2019 RM	Company 2018 RM
Unquoted shares, at cost	21,914,806	5,000,006
Less: Accumulated impairment losses	(1,000,000)	(1,000,000)
	20,914,806	4,000,006

The subsidiary companies, all of which are incorporated in Malaysia, are as follows:

Name of subsidiary companies	Principal activities	Percentage of equity interest 2019 %	Percentage of equity interest 2018 %
Pintaras Geotechnics Sdn. Bhd.	Geotechnical and foundation engineering services	100	100
Pintaras Megah Sdn. Bhd.	Civil engineering and building superstructure contractor	100	100
Pintaras Prima Sdn. Bhd.	Investment holding and provision of management services	100	100
Primapac Sdn. Bhd.	Manufacturing of containers and provisions of management services	100	100
Pintaras Development Sdn. Bhd.	Property investment and development	100	100
Readycast Concrete Industries Sdn. Bhd.	Dormant, manufacturing of pre-cast concrete piles and concrete related products	100	100
Pintaras (East Malaysia) Sdn. Bhd.	Dormant, foundation and civil engineering contractor	100	100
Pintaras Piling Sdn. Bhd.	Dormant, driven pile contractor	100	100
Solidprop Sdn. Bhd.	Dormant, property investment	100	100
Pintary International Pte Ltd *	Investment holding, renting of construction and civil engineering machinery and equipment	100	–

14 INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

The subsidiary companies, all of which are incorporated in Malaysia, are as follows: (continued)

Name of subsidiary companies	Principal activities	Percentage of equity interest 2019 %	2018 %
Subsidiary companies of Pintaras Geotechnics Sdn. Bhd.			
System Micro-Piling Sdn. Bhd.	Specialised geotechnical contractor	100	100
E-Wall Sdn. Bhd.	Manufacturing and installation of segmental pre-cast concrete retaining walls	100	100
Subsidiary company of Pintaras Development Sdn. Bhd.			
SMPP Development Sdn. Bhd.	Property developer	100	100
Subsidiary company of Pintaras Prima Sdn. Bhd.			
Prima Packaging Sdn. Bhd.	Manufacturing of metal containers	100	100
Subsidiary companies of Pintary International Pte Ltd			
Pintary Foundations Pte Ltd *	Foundation works (including micropiling, conventional, piling and underpinning)	100	–
Pintary Geotechnics Pte Ltd *	Foundation works (including micropiling, conventional, piling and underpinning)	100	–

* Audited by other firm of auditors other than PricewaterhouseCoopers PLT, Malaysia

14 INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

On 14 September 2018, the Company acquired 4,285,715 ordinary shares from Pintary Holdings Pte Ltd, representing the entire issued and paid-up share capital of Pintary International Pte Ltd, together with its wholly owned subsidiaries, Pintary Foundation Pte Ltd and Pintary Geotechnics Pte Ltd, for a total cash consideration of SGD5,600,000 (equivalent to RM16,914,800).

The acquisition of Pintary International Pte Ltd is deemed a related party transaction as Dr Chiu Hong Keong and Khoo Yok Kee, being Directors and substantial shareholders of Pintaras Jaya Berhad, were shareholders of Pintary Holdings Pte Ltd, prior to the completion of the acquisition.

This significant related party disclosure has been set out in Note 29 to the financial statements.

The provisional fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	At date of acquisition RM
Property, plant and equipment (Note 13)	43,770,224
Intangible asset - Construction order backlog	11,902,913
Investment properties (Note 15)	3,714,490
Deferred tax assets (Note 17)	53,115
Inventories	298,339
Receivables	60,051,930
Cash and bank balances	3,707,609
Contract liabilities	(3,641,651)
Payables	(77,305,676)
Borrowings	(25,636,493)
Fair value of net assets acquired, represented by the purchase consideration	16,914,800
Cash outflow of the Group on acquisition	16,914,800
Less: Cash and cash equivalents of subsidiary company acquired	(3,707,609)
Cash outflow of the Group on acquisition	13,207,191

The intangible asset in respect of the construction order backlog has been amortised in full to the statement of comprehensive income in the current financial year upon completion of the related construction contracts.

15 INVESTMENT PROPERTIES

	Group 2019 RM	2018 RM
Cost		
At 1 July 2018/2017	192,437	192,437
Acquisition of subsidiary company	3,714,490	–
Effect of foreign exchange differences	49,806	–
At 30 June	3,956,733	192,437
Accumulated depreciation		
At 1 July 2018/2017	73,767	69,918
Depreciation charge	3,849	3,849
At 30 June	77,616	73,767
Net book value		
At 30 June	3,879,117	118,670
Fair value	3,939,445	175,150

The fair value of investment properties was based on valuations using prevailing market prices. The fair values of investment properties are within Level 2 of the fair value hierarchy.

The investment properties generate rental income of RM104,129 (2018: Nil) for the Group. Direct operating expenses of those investment properties for the Group during the financial year amounted to RM38,536 (2018: RM6,359).

Bank borrowings are secured on investment properties of the Group with carrying amounts of RM3,764,296 (2018: Nil) as disclosed in Note 25 to the financial statements.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS / AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) Available-for-sale financial assets

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Marketable securities:				
- shares of corporations quoted in Malaysia	–	5,320,285	–	3,451,826
- shares of corporations quoted outside Malaysia	–	23,149,156	–	14,844,255
	–	28,469,441	–	18,296,081

(b) Financial assets at fair value through profit or loss

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Marketable securities:				
- shares of corporations quoted in Malaysia	23,633,530	–	21,173,269	–
- shares of corporations quoted outside Malaysia	33,429,669	–	23,380,990	–
	57,063,199	–	44,554,259	–

17 DEFERRED TAXATION

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax assets	5,357,632	4,138,298	–	–
Deferred tax liabilities	(10,385,539)	(11,073,837)	(6,431,721)	(10,115,448)
Deferred taxation	(5,027,907)	(6,935,539)	(6,431,721)	(10,115,448)
At 1 July 2018/2017	(6,935,539)	(9,055,492)	(10,115,448)	(12,078,324)
Credited/(Charged) to profit or loss (Note 10):				
- property, plant and equipment	(1,070,551)	1,952,422	3,688,618	1,963,671
- unutilised tax losses	2,150,105	–	–	–
- provisions	691,395	167,531	(4,891)	(795)
- others	106,715	–	–	–
	1,877,664	2,119,953	3,683,727	1,962,876
Arising from acquisition of subsidiary company (Note 14)	53,115	–	–	–
Effect of foreign exchange differences	(23,147)	–	–	–
At 30 June	(5,027,907)	(6,935,539)	(6,431,721)	(10,115,448)
Subject to income tax				
Deferred tax assets (before offsetting):				
- unutilised tax losses	2,150,105	–	–	–
- provisions	5,077,063	4,385,668	19,325	24,216
- others	169,649	–	–	–
	7,396,817	4,385,668	19,325	24,216
Offsetting	(2,039,185)	(247,370)	(19,325)	(24,216)
Deferred tax assets (after offsetting)	5,357,632	4,138,298	–	–
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(12,391,758)	(11,321,207)	(6,451,046)	(10,139,664)
- others	(32,966)	–	–	–
	(12,424,724)	(11,321,207)	(6,451,046)	(10,139,664)
Offsetting	2,039,185	247,370	19,325	24,216
Deferred tax liabilities (after offsetting)	(10,385,539)	(11,073,837)	(6,431,721)	(10,115,448)

17 DEFERRED TAXATION (CONTINUED)

The amount of unutilised tax losses and unutilised capital allowances, for which no deferred tax assets are recognised in the statement of financial position, are as follows:

	Group	
	2019 RM	2018 RM
Unutilised tax losses	8,264,441	8,241,456
Unutilised capital allowances	86,804	86,804
	8,351,245	8,328,260
Effect at Malaysian tax rate of 24% (2018: 24%)	2,004,299	1,998,782

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the deferred tax assets can be utilised in these subsidiaries.

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period as at 30 June 2018 will be imposed with time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (ie. from year of assessment 2019 to 2025).The unutilised capital allowances do not have an expiry date.

18 CONSTRUCTION CONTRACT BALANCES

(a) Amounts due from/(to) customers on contracts

	Group	
	2019 RM	2018 RM
Aggregate costs to date	–	39,704,629
Attributable profit	–	13,018,835
Provision for foreseeable losses	–	(371,000)
	–	52,352,464
Progress billings	–	(50,805,660)
	–	1,546,804
Amounts due from customers on contracts	–	1,692,940
Amounts due to customers on contracts	–	(146,136)
	–	1,546,804

18 CONSTRUCTION CONTRACT BALANCES (CONTINUED)

(b) Contract assets and contract liabilities

	Group 2019 RM	2018 RM
At 1 July	1,546,804	–
Revenue recognised during the financial year	102,504,460	–
Progress billings raised	(117,392,358)	–
At 30 June	(13,341,094)	–
Represented by:		
Contract assets	286,816	–
Contract liabilities	(13,627,910)	–
	(13,341,094)	–

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the reporting date was approximately RM186,444,753, of which the Group expects to recognise as revenue from FY2019 to FY2022.

Revenue recognised in the current financial year in respect of contract liabilities in the previous financial year amounted to RM146,136.

19 INVENTORIES

	Group 2019 RM	2018 RM
Raw materials	9,243,396	5,336,189
Work-in-progress	1,578,321	1,651,530
Finished goods	2,127,563	1,910,550
Properties	5,209,543	5,209,543
Construction materials and supplies	358,788	–
	18,517,611	14,107,812

20 RECEIVABLES

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Trade receivables	145,796,776	52,546,659	–	–
Retention sum on contracts	28,603,461	11,990,892	–	–
Less: Provision for impairment of trade receivables	(14,610,921)	(797,966)	–	–
	159,789,316	63,739,585	–	–
Other receivables	1,288,164	1,103,150	359,689	582,794
Less: Provision for impairment of other receivables	(555,315)	–	–	–
	732,849	1,103,150	359,689	582,794
Advance payments	1,573,532	182,928	1,394,499	115
Deposits	1,321,561	309,586	7,090	7,090
Prepayments	479,265	506,211	77,332	346,548
GST receivables	969,382	29,886	–	8,857
	5,076,589	2,131,761	1,838,610	945,404
Total	164,865,905	65,871,346	1,838,610	945,404

The Group's top five customers make up 41% (2018: 60%) of the Group's trade receivables. Apart from this, the Group has no other significant concentration of credit risk that may arise from exposure to a single customer or to groups of customers. Management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables as the Directors are of the view that the credit risk is minimal in view of the historical settlement of the balances from these customers.

The ageing analysis of the Group's and the Company's receivables (excluding advance payments, prepayments and GST receivables) is as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Neither past due nor impaired	93,917,364	34,710,828	366,779	589,884
Past due but not impaired:				
- 1 to 60 days past due	18,634,389	10,021,168	–	–
- 61 to 120 days past due	5,099,225	3,191,881	–	–
- 121 to 365 days past due	28,168,060	13,417,237	–	–
- more than 365 days past due	16,024,688	3,811,207	–	–
	67,926,362	30,441,493	–	–
Impaired	15,166,236	797,966	–	–
	177,009,962	65,950,287	366,779	589,884

20 RECEIVABLES (CONTINUED)

The changes in provision for impairment of trade and other receivables during the financial year are as follows:

	Group	
	2019 RM	2018 RM
Trade receivables		
At 1 July 2018/2017	797,966	797,966
Acquisition of subsidiary company	550,516	–
Charged to profit or loss	14,460,414	–
Effect of foreign exchange differences	150,507	–
Bad debt written off	(1,348,482)	–
At 30 June	14,610,921	797,966
Other receivables		
At 1 July 2018/2017	–	–
Acquisition of subsidiary company	226,579	–
Charged to profit or loss	549,148	–
Effect of foreign exchange differences	6,167	–
Bad debt written off	(226,579)	–
At 30 June	555,315	–

21 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2019 RM	2018 RM
Amounts due from subsidiary companies	25,352,819	12,584,169
Less: Provision of impairment of subsidiary companies	(2,577,858)	(2,575,392)
	22,774,961	10,008,777

The balances due from subsidiary companies are unsecured, repayable on demand and interest free, except for an amount of RM14,036,321 (2018: Nil) which bore interest at a rate of 4% (2018: Nil) per annum as at 30 June 2019.

The changes in provision for impairment of subsidiary companies during the financial year are as follows:

	Company	
	2019 RM	2018 RM
At 1 July 2018/2017	2,575,392	2,574,022
Charged to profit or loss	2,466	1,370
At 30 June	2,577,858	2,575,392

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term deposits:				
- with licensed banks	21,544,766	37,214,599	17,035,516	33,509,977
- with other financial institutions	69,289,901	127,859,122	62,149,535	115,999,628
	90,834,667	165,073,721	79,185,051	149,509,605
Cash and bank balances	19,615,379	17,921,745	9,737,040	11,352,361
	110,450,046	182,995,466	88,922,091	160,861,966
Less: Cash and bank balances in custodian accounts for investment purposes:				
- short-term deposits with licensed banks	(1,947,080)	(6,990,160)	(890,810)	(3,648,895)
- bank balances	(5,748,876)	(8,905,668)	(3,372,419)	(7,723,290)
	(7,695,956)	(15,895,828)	(4,263,229)	(11,372,185)
Cash and cash equivalents	102,754,090	167,099,638	84,658,862	149,489,781

The weighted average effective interest rates per annum of short-term deposits at the reporting date are as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Short-term deposits	3.19	3.61	3.26	3.63

Short-term deposits of the Group and of the Company have an average maturity of 73 days (2018: 59 days) and 49 days (2018: 40 days) respectively.

Cash and bank balances in custodian accounts for investment purposes are held by corporate trustees on behalf of the Group and the Company. These are primarily used for investment purposes and are excluded from cash and cash equivalents.

23 SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully paid:				
- Ordinary shares				
At 1 July 2018/2017 ordinary shares of RM1.00 each	165,864,800	180,178,116	164,719,000	176,173,545
Employee Share Option Scheme ("ESOS")	–	–	1,145,800	4,004,571
At 30 June - ordinary shares with no par value	165,864,800	180,178,116	165,864,800	180,178,116

23 SHARE CAPITAL (CONTINUED)

(a) Employee Share Option Scheme ("ESOS")

The Company's Employee Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 7 October 2013 and became effective on 26 February 2014, for a period of five years, expired on 25 February 2019, in accordance with the ESOS By-Laws.

The main features of the ESOS are as follows:

(i) the maximum number of ordinary shares to be issued under the ESOS shall not exceed 15% of total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point of time throughout the duration of the ESOS;

(ii) the ESOS shall be effective for a period of 5 years commencing on 26 February 2014 and expired on 25 February 2019;

(iii) the ESOS is for eligible persons who, as at the date of offer:

(a) is at least eighteen (18) years of age and is a Malaysian Citizen and is not an undischarged bankrupt and not subject to any bankruptcy proceedings;

(b) is not at any time a participant of any other employee share scheme or share option scheme implemented by any corporation whether or not within the Group, which is in force for the time being;

(c) is confirmed as an Executive Director or a full-time employee, of a company within the Group:

(i) has served the Group for a continuous period of at least one (1) year, prior to and up to the date of offer, including service during the probation period (if any); or

(ii) if serving under an employment contract of a fixed duration, such contract shall be for a term of at least three (3) years and such person shall have served the Group for a continuous period of at least one (1) year, prior to and up to the date of offer, including service during the probation period (if any); or

(iii) falls within any other categories or criteria that the ESOS Committee may at its discretion and from time to time determine, for the purpose of selecting an eligible person to participate in the scheme.

(d) the options shall not be transferred, assigned, disposed or subject to any encumbrances in any manner whatsoever; and

(e) not more than seventy per cent (70%) of the new ordinary shares available under the ESOS shall be allocated, in aggregate, to the Executive Directors and senior management of the Group and not more than ten per cent (10%) of the new ordinary shares available under the ESOS shall be allocated to any individual eligible person who, either singly or collectively through persons connected with the eligible person, holds twenty per cent (20%) or more in the issued and paid-up share capital of the Company.

The vesting of the option is conditional upon the employees remaining in employment as at the relevant vesting dates at the end of each year from the date of grant of the ESOS.

23 SHARE CAPITAL (CONTINUED)

(a) Employee Share Option Scheme ("ESOS") (continued)

The main features of the ESOS are as follows: (continued)

Set out below are details of options over ordinary shares of the Group granted under the ESOS:

			Number of options over ordinary shares		
Grant date	**Expiry date**	**Exercise Price RM/ share**	**At 1.7.2018**	**Expired**	**At 30.6.2019**
21 March 2014	25 February 2019	2.83	344,600	(344,600)	–

The scheme was not extended after its expiry on 25 February 2019.

24 RETAINED EARNINGS

There is no restriction on the Company to declare the payment of dividends out of its retained earnings under the single-tier system.

25 BORROWINGS

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Current:				
Bank borrowings (secured)	587,279	–	–	–
Finance lease liabilities (Note 26)	7,043,150	–	–	–
	7,630,429	–	–	–
Non-Current:				
Bank borrowings (secured)	7,083,279	–	–	–
Finance lease liabilities (Note 26)	12,530,601	–	–	–
Total borrowings	19,613,880	–	–	–

25 BORROWINGS (CONTINUED)

The repayment periods of the bank borrowings of the Group at the reporting date are as follows:

	Group	
	2019 RM	2018 RM
Not later than one year	587,279	–
Between one and five years	2,546,487	–
More than five years	4,536,792	–
Total borrowings	7,670,558	–

Bank borrowings of the Group are secured over leasehold building, site equipment and investment properties of the Group. Finance lease liabilities of the Group are secured over the plant and machinery, site equipment and motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(a) Fair value of the borrowings

At the end of the reporting period, the carrying amount of the bank borrowings approximate the fair values, as these are floating rate instruments that are repriced to market interest rates. The fair value of the finance lease liabilities is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Finance lease liabilities	19,169,788	–	–	–

The bank borrowings bear interest at rates ranging from 2.79% to 3.33% (2018: Nil) per annum.

26 FINANCE LEASE LIABILITIES

The Group leases construction equipment and motor vehicles from non-related parties under finance leases.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Minimum lease payments due				
- not later than one year	7,543,764	–	–	–
- between one and five years	13,142,847	–	–	–
	20,686,611	–	–	–
Less: Future finance charges	(1,112,860)	–	–	–
Present value of finance lease liabilities	19,573,751	–	–	–

26 FINANCE LEASE LIABILITIES (CONTINUED)

The present values of finance lease liabilities are analysed as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Not later than one year (Note 25)	7,043,150	–	–	–
Between one and five years (Note 25)	12,530,601	–	–	–
Present value of finance lease liabilities	19,573,751	–	–	–

The weighted average interest rate of the finance lease liabilities as at the reporting date is 1.58% (2018: Nil) per annum.

27 PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	77,355,993	18,308,437	24,195	40,956
Other payables and accruals	33,440,027	12,910,149	345,468	736,546
GST payables	–	382,377	–	–
	110,796,020	31,600,963	369,663	777,502

Included in the Group's other payables and accruals is an amount of RM6,598,626 (2018: RM7,585,190) recognised for provision of liquidated ascertained damages arising from construction contracts as at the reporting date. During the financial year, the Group recognised an additional provision of RM191,436 and reversed an amount of RM1,178,000 which was recorded in the previous year.

Included in other payables and accruals of the Group are provision for foreseeable losses and provision for rectification costs of RM3,625,054 (2018: RM371,000) and RM14,338,390 (2018: RM2,322,669) respectively.

28 CAPITAL COMMITMENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Authorised and contracted:				
Commitments for the purchase of property, plant and equipment	6,381,308	909,404	4,648,500	–

29 SIGNIFICANT RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Group and the Company, if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making any financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group is controlled by Dr Chiu Hong Keong by way of his deemed interest through his shareholding in Pintaras Bina Sdn. Bhd. and his direct interest in Pintaras Jaya Berhad.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions negotiated between the Group and the related party.

	Company	
	2019 RM	2018 RM
(a) Significant transactions with related parties		
(i) Acquisition of subsidiaries from a related party		
Pintary Holdings Pte Ltd*	16,914,800	–

* Controlled by Dr Chiu Hong Keong and Khoo Yok Kee, who are Directors and substantial shareholders of Pintaras Jaya Berhad

	2019 RM	2018 RM
(ii) Plant and machinery rental income from subsidiary companies:		
Pintaras Geotechnics Sdn. Bhd.	6,228,342	14,075,725
Pintary International Pte Ltd	3,885,182	–
(iii) Gross dividend income from a subsidiary company:		
Pintaras Prima Sdn. Bhd.	3,000,000	6,375,000
(iv) Interest charged to subsidiary companies:		
SMPP Development Sdn. Bhd.	–	14,870
Pintary International Pte Ltd	670,344	–
(v) Advances to subsidiary companies:		
SMPP Development Sdn. Bhd.	–	50,000
Solidprop Sdn. Bhd.	2,450	1,150
Pintaras Development Sdn. Bhd.	9,000	3,000
Pintaras Prima Sdn. Bhd.	1,000	–
Pintaras Geotechnics Sdn. Bhd.	2,720,000	500,000
Prima Packaging Sdn. Bhd.	5,220,000	–
Pintary International Pte Ltd	29,497,844	–

29 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Company 2019 RM	Company 2018 RM
(a) Significant transactions with related parties (continued)		
(vi) Repayment of advances from subsidiary companies:		
SMPP Development Sdn. Bhd.	–	50,000
Pintaras Development Sdn. Bhd.	9,000	3,000
Pintaras Prima Sdn. Bhd.	1,000	–
Pintaras Geotechnics Sdn. Bhd.	2,170,000	500,000
Prima Packaging Sdn. Bhd.	4,470,000	–
Pintary International Pte Ltd	15,308,508	–
(b) Significant balances with related parties		
(i) Amounts due from subsidiary companies:		
Pintaras Geotechnics Sdn. Bhd.	6,244,837	10,008,777
Solidprop Sdn. Bhd.	2,577,858	2,575,392
Prima Packaging Sdn. Bhd.	750,000	–
Pintary International Pte Ltd	15,780,124	–
	25,352,819	12,584,169

The balances due from Solidprop Sdn. Bhd. have been provided in full as at the reporting date.

(c) Compensation of key management personnel

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

The aggregate amount of remuneration received/receivable by key management personnel of the Group and the Company for the financial year is as disclosed in Note 9 to the financial statements.

30 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Total RM
Group			
At 30 June 2019			
Assets as per statements of financial position:			
Financial assets at fair value through profit or loss (Note 16)	–	57,063,199	57,063,199
Receivables (excluding advance payments, prepayments and GST receivables) (Note 20)	161,843,726	–	161,843,726
Short-term deposits (Note 22)	90,834,667	–	90,834,667
Cash and bank balances (Note 22)	19,615,379	–	19,615,379
Total financial assets	272,293,772	57,063,199	329,356,971

	Other financial liabilities at amortised cost RM
At 30 June 2019	
Liabilities as per statements of financial position:	
Trade payables (Note 27)	77,355,993
Other payables and accruals (Note 27) *	26,841,401
Dividend payable	13,269,184
Borrowings (Note 25)	27,244,309
Total financial liabilities	144,710,887

* excluding provision for liquidated ascertained damages

30 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and receivables at amortised cost RM	Available-for-sale RM	Total RM
Group			
At 30 June 2018			
Assets as per statements of financial position:			
Available-for-sale financial assets (Note 16)	–	28,469,441	28,469,441
Receivables (excluding advance payments, prepayments and GST receivables) (Note 20)	65,152,321	–	65,152,321
Short-term deposits (Note 22)	165,073,721	–	165,073,721
Cash and bank balances (Note 22)	17,921,745	–	17,921,745
Total financial assets	248,147,787	28,469,441	276,617,228

	Other financial liabilities at amortised cost RM
At 30 June 2018	
Liabilities as per statements of financial position:	
Trade payables (Note 27)	18,308,437
Other payables and accruals (Note 27)*	5,324,959
Dividend payable	13,269,184
Total financial liabilities	36,902,580

* excluding provision for liquidated ascertained damages

30 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Total RM
Company			
At 30 June 2019			
Assets as per statements of financial position:			
Financial assets at fair value through profit or loss (Note 16)	–	44,554,259	44,554,259
Receivables (excluding advance payments and prepayments) (Note 20)	366,779	–	366,779
Amounts due from subsidiary companies (Note 21)	22,774,961	–	22,774,961
Short-term deposits (Note 22)	79,185,051	–	79,185,051
Cash and bank balances (Note 22)	9,737,040	–	9,737,040
Total financial assets	112,063,831	44,554,259	156,618,090

	Other financial liabilities at amortised cost RM
At 30 June 2019	
Liabilities as per statements of financial position:	
Trade payables (Note 27)	24,195
Other payables and accruals (Note 27)	345,468
Dividend payable	13,269,184
Total financial liabilities	13,638,847

30 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and receivables at amortised cost RM	Available-for-sale RM	Total RM
Company			
At 30 June 2018			
Assets as per statements of financial position:			
Available-for-sale financial assets (Note 16)	–	18,296,081	18,296,081
Receivables (excluding advance payments, prepayments and GST receivables) (Note 20)	589,884	–	589,884
Amounts due from subsidiary companies (Note 21)	10,008,777	–	10,008,777
Short-term deposits (Note 22)	149,509,605	–	149,509,605
Cash and bank balances (Note 22)	11,352,361	–	11,352,361
Total financial assets	171,460,627	18,296,081	189,756,708

	Other financial liabilities at amortised cost RM
At 30 June 2018	
Liabilities as per statements of financial position:	
Trade payables (Note 27)	40,956
Other payables and accruals (Note 27)	736,546
Dividend payable	13,269,184
Total financial liabilities	14,046,686

31 SEGMENTAL INFORMATION

The Group's operations comprise the following business segments:

(i) Piling, civil engineering and construction works; and
(ii) Manufacturing*

(a) Business segments

	Piling, civil engineering and construction works RM	Manufacturing RM	Group RM
2019			
Revenue			
Construction contracts	279,846,403	–	279,846,403
Income from rental of machinery	159,573	–	159,573
Sale of goods	–	35,912,843	35,912,843
Total revenue			315,918,819
Results			
Segment results	38,719,242	4,065,780	42,785,022
Unallocated income:			
- gain on disposals of financial assets through profit or loss			171,767
- interest income			1,849,178
- dividend income			2,732,191
- other			408,465
Total unallocated income			5,161,601

* consists of manufacturing of metal containers

31 SEGMENTAL INFORMATION (CONTINUED)

(a) Business segments (continued)

	Piling, civil engineering and construction works RM	Manufacturing RM	Group RM
2019			
Results (continued)			
Unallocated costs:			
- fair value loss on financial assets through profit or loss			(2,259,419)
- amortisation of intangible assets			(11,902,913)
- other			(1,230,672)
Total unallocated costs			(15,393,004)
Finance costs			(946,910)
Profit before taxation			31,606,709
Taxation			(5,503,598)
Profit for the financial year			26,103,111
Net assets			
Segment assets	288,510,387	35,708,575	324,218,962
Unallocated assets (including short-term deposits of RM90,834,667 and financial assets at fair value through profit or loss of RM57,063,199)			174,038,681
Total assets			498,257,643
Segment liabilities	149,204,314	2,440,179	151,644,493
Unallocated liabilities			28,255,087
Total liabilities			179,899,580
Other information			
Capital expenditure	37,659,156	65,322	37,724,478
Depreciation of property, plant and equipment	19,437,804	773,104	20,210,908

31 SEGMENTAL INFORMATION (CONTINUED)

(a) Business segments (continued)

	Piling, civil engineering and construction works RM	Manufacturing RM	Group RM
2018			
Revenue			
Construction contracts	63,581,798	–	63,581,798
Income from rental of machinery	410,000	–	410,000
Sale of goods	–	31,920,081	31,920,081
Total revenue			95,911,879
Results			
Segment results	7,208,206	4,108,257	11,316,463
Unallocated income:			
- gain on disposals of available-for-sale financial assets			3,143,443
- interest income			3,562,378
- dividend income			3,003,460
- other			379,191
- reversal of share options granted to employees			292,707
Total unallocated income			10,381,179

* consists of manufacturing of metal containers

31 SEGMENTAL INFORMATION (CONTINUED)

(a) Business segments (continued)

	Piling, civil engineering and construction works RM	Manufacturing RM	Group RM
2018			
Results (continued)			
Unallocated costs:			
- impairment losses of available-for-sale financial assets			(281,782)
- other			(709,669)
Total unallocated costs			(991,451)
Profit before taxation			20,706,191
Taxation			(5,187,750)
Profit for the financial year			15,518,441
Net assets			
Segment assets	130,327,258	32,827,005	163,154,263
Unallocated assets (including short-term deposits of RM165,073,721 and available-for-sale financial assets of RM28,469,441)			218,636,616
Total assets			381,790,879
Segment liabilities	28,792,522	2,847,212	31,639,734
Unallocated liabilities			25,209,768
Total liabilities			56,849,502
Other information			
Capital expenditure	531,396	46,948	578,344
Depreciation of property, plant and equipment	12,350,261	778,393	13,128,654

31 SEGMENTAL INFORMATION (CONTINUED)

(a) Business segments (continued)

Segment results comprised profit before taxation, adjusted for unallocated income and cost and finance cost. Unallocated income includes interest income, dividend income and gain on disposal of financial assets at fair value through profit or loss. Unallocated costs represent impairment losses of available-for-sale financial assets, corporate expenses, property maintenance expenses and share options granted to employees. Unallocated assets include financial assets at fair value through profit or loss, short-term deposits, and freehold land and buildings used for head office purposes. Unallocated liabilities include taxation, deferred tax liabilities and dividend payable.

Capital expenditure comprises additions to property, plant and equipment (Note 13).

(b) Geographical information

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

	Revenue		Non-current assets	
	2019 RM	2018 RM	2019 RM	2018 RM
Group				
Malaysia	70,349,825	95,911,879	63,352,639	80,998,197
Singapore	245,568,994	–	75,923,541	–
	315,918,819	95,911,879	139,276,180	80,998,197

Non-current assets information presented above exclude financial instruments and deferred tax assets as presented in the consolidated statements of financial position.

(c) Major customers

Revenue of approximately RM188,878,750 (2018: RM52,903,499) is derived from the Group's top five customers. The revenue contributed by these top five customers individually range from RM23,000,000 to RM72,000,000 (2018: RM4,400,000 to RM15,500,000). This revenue is attributable to piling, civil engineering and construction works segment.

32 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 17 September 2019.

STATEMENT BY DIRECTORS

SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dr Chiu Hong Keong and Khoo Yok Kee, being two of the Directors of Pintaras Jaya Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 42 to 122 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and the financial performance of the Group and of the Company for the financial year ended 30 June 2019 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 17 September 2019.

DR CHIU HONG KEONG
CHAIRMAN

KHOO YOK KEE
DIRECTOR

STATUTORY DECLARATION

SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Khoo Yok Kee, being the Director primarily responsible for the financial management of Pintaras Jaya Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 122 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

KHOO YOK KEE
(MIA No. 7010)

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Selangor Darul Ehsan on 17 September 2019.

Before me:

WONG CHOY YIN

NO. B. 508
COMMISSIONER FOR OATHS
Petaling Jaya

TO THE MEMBERS OF PINTARAS JAYA BERHAD
(Incorporated in Malaysia)
(Company No. 189900-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Pintaras Jaya Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 122.

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.

Our audit approach

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

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

TO THE MEMBERS OF PINTARAS JAYA BERHAD
(Incorporated in Malaysia)
(Company No. 189900-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Revenue and profit recognition – Construction contracts	
[Refer to Note 2(j), Note 4(a), Note 5 and Note 18 to the financial statements.] The Group recognised revenue and cost from construction contracts of RM279.8 million and RM219.4 million respectively for the financial year ended 30 June 2019 as disclosed in Note 5 and Note 7 to the financial statements, respectively. The Group recognises revenue over time from construction contracts in the statement of comprehensive income by using the stage-of-completion method. The stage of completion is measured by reference to the proportion of the contract costs incurred for work performed to-date bear to the estimated total costs for the contract. Construction contracts accounting is inherently complex and we focused on this area because there is judgement involved in the following areas: • Extent of construction costs incurred to date • Estimated total construction costs • Unapproved variation orders and claims with customers	We tested the operating effectiveness of the key controls over the appropriateness of the construction contract's project budgets, including relevant management's approvals to assess the reliability of the construction costs of the projects. We checked the extent of costs incurred to date on significant projects by agreeing a sample of costs incurred to supporting documentation, i.e. sub-contractors' claim certificates and invoices from vendors. We checked the reasonableness of the estimated total construction costs, including subsequent changes to the costs of selected projects, by agreeing to supporting documentation; i.e. approved budgets for the construction contracts, correspondences, quotations and variation orders with sub-contractors. We had discussions with management to understand the nature of variation orders and claims with customers which have been included in revenue. We inspected the correspondences from the customers and signed variation orders. For variation orders which have yet to be approved, we checked to the approved payment certificates issued by the customers to corroborate the key judgement applied by management. Based on the procedures performed, we noted no material exceptions.

TO THE MEMBERS OF PINTARAS JAYA BERHAD
(Incorporated in Malaysia)
(Company No. 189900-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Liquidated ascertained damages ("LAD") due to customers – Construction contracts [Refer to Note 4(a) and Note 27 to the financial statements.] The Group recognised LAD from construction contracts of RM0.2 million and reversed LAD previously recognised of RM1.2 million during the financial year. As at 30 June 2019, the provision for liquidated ascertained damages amounted to RM6.6 million. We focused on this area as significant judgement is involved in determining the estimated liquidated ascertained damages which will be incurred for completed projects which have been delayed but no formal notification has been received from the customers.	We had discussions with management to understand the basis for recognising liquidated ascertained damages for the projects which were delayed. We tested management's estimate of the liquidated ascertained damages in respect of the completed projects which have been delayed to supporting documentation such as correspondences with the customers on the delays and the extension of time approvals issued by the customers. For completed projects which have been delayed but no liquidated ascertained damages were recorded, we discussed with management on the enforceability of the liquidated ascertained damages by the customers and corroborated with the contractual arrangements and correspondences between the Group and the customers, if any, on the nature of the delay. Based on the procedures performed, we noted no material exceptions.

TO THE MEMBERS OF PINTARAS JAYA BERHAD
(Incorporated in Malaysia)
(Company No. 189900-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Expected credit loss on trade receivables [Refer to Note 3(b), Note 4(b) and Note 20 to the financial statements.] The Group adopted MFRS 9 on 1 July 2018. MFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of significant assumptions about future economic conditions and credit risk of the customers. As at 30 June 2019, the Group recognised RM14.6 million in the provision for impairment arising from the outstanding trade receivable balances. The Group has assessed the provision for impairment of trade receivables on an individual and collective basis. The assessment involves the use of various assumptions, macroeconomic factors and study of historical trends relating to the Group's history of collection from these trade receivables. We focused on this area considering the material amounts involved and the significant judgement required over the estimates used in determining the estimated recovery of the trade receivables.	We assessed the appropriateness of the Group's policy on provision for impairment arising from the outstanding trade receivable balances in accordance with the requirement under MFRS 9. We had discussions with management to understand the basis for assessing ECL arising from the Group's trade receivable balances, in particular, the likelihood, quantum and timing of receipt of these balances. We checked the expected timing and quantum of receipts of trade receivables by comparing to the historical payment trend of these customers and sighting to correspondence between the Group and the customers. We tested the key assumptions and judgements made by management, such as those used to calculate the likelihood of default and loss on default by comparing to historical data. We have also assessed and considered the appropriateness of forward looking factors (macroeconomic factors) used to determine the expected credit losses. We found management's assessment of the provision for impairment of trade receivables to be materially consistent with the supporting information provided to us. Based on the procedures performed, we noted no material exceptions.

There are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

TO THE MEMBERS OF PINTARAS JAYA BERHAD
(Incorporated in Malaysia)
(Company No. 189900-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and other contents in the 2019 Annual Report of the Company, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

TO THE MEMBERS OF PINTARAS JAYA BERHAD
(Incorporated in Malaysia)
(Company No. 189900-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

HEW CHOOI YOKE
03203/07/2021 J
Chartered Accountant

Kuala Lumpur
17 September 2019

ANALYSIS OF SHAREHOLDINGS

AS AT 29TH AUGUST 2019

Total Number of Issued Shares	:	165,864,800
Class of Share	:	Ordinary share
Voting Rights	:	1 vote per ordinary share
Number of Shareholders	:	2353

SUBSTANTIAL SHAREHOLDERS

The following are the substantial shareholders of the Company according to the Register of Substantial Shareholders:

	Direct Interest		Indirect Interest	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Pintaras Bina Sdn Bhd	59,768,116	36.03	–	–
Dr. Chiu Hong Keong	24,315,720	14.66	72,218,376 (1)	43.54
Khoo Yok Kee	11,501,760	6.93	85,032,336 (2)	51.27
Urusharta Jemaah Sdn Bhd	11,352,100	6.84	–	–
Khoo Keow Pin	10,633,304	6.41	–	–

Notes:-

(1) *Deemed interest through his shareholding in Pintaras Bina Sdn Bhd and interest held by his spouse, Mdm. Khoo Yok Kee, and his son, Mr. Chiu Wei Wen, in Pintaras Jaya Berhad*

(2) *Deemed interest through her shareholding in Pintaras Bina Sdn Bhd and interest held by her spouse, Dr. Chiu Hong Keong, and her son, Mr. Chiu Wei Wen, in Pintaras Jaya Berhad*

DIRECTORS' INTERESTS

Directors' Direct and Indirect Interests in the shares and options over unissued shares in the Company based on the Register of Directors' Shareholdings maintained under Section 219 of the Companies Act 2016 (the "Act") of the Company:

Issued Ordinary Shares

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Dr. Chiu Hong Keong	24,315,720	14.66	72,218,376 (1)	43.54
Khoo Yok Kee	11,501,760	6.93	85,032,336 (2)	51.27
Chiu Wei Wen	948,500	0.57	–	–
Chiu Wei Siong	–	–	–	–
Chang Cheng Wah	–	–	–	–
Arnold Kwan Poon Keong	–	–	–	–

Notes:-

(1) *Deemed interest through his shareholding in Pintaras Bina Sdn Bhd and interest held by his spouse, Mdm. Khoo Yok Kee, and his son, Mr. Chiu Wei Wen, in Pintaras Jaya Berhad*

(2) *Deemed interest through her shareholding in Pintaras Bina Sdn Bhd and interest held by her spouse, Dr. Chiu Hong Keong, and her son, Mr. Chiu Wei Wen, in Pintaras Jaya Berhad*

AS AT 29TH AUGUST 2019

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	38	1.61	882	0.00
100 to 1,000	404	17.17	296,938	0.18
1,001 to 10,000	1,375	58.44	6,521,200	3.93
10,001 to 100,000	459	19.51	13,606,480	8.20
100,001 to less than 5% of issued shares	73	3.10	39,670,060	23.92
5% and above of issued shares	4	0.17	105,769,240	63.77
	2,353	100.00	165,864,800	100.00

ANALYSIS OF SHAREHOLDINGS

AS AT 29TH AUGUST 2019

THIRTY LARGEST SHAREHOLDERS
(as shown in the Record of Depositors)

	Name of Shareholders	No. of Shares	%
1.	Pintaras Bina Sdn Bhd	59,768,116	36.03
2.	Citigroup Nominees (Tempatan) Sdn Bhd *(UBS AG SG for Chiu Hong Keong)*	24,015,720	14.48
3.	Urusharta Jamaah Sdn Bhd	11,352,100	6.84
4.	Khoo Keow Pin	10,633,304	6.41
5.	Khoo Yok Kee	7,425,760	4.48
6.	CIMSEC Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Khoo Yok Kee)(PBCL-0G0460)*	4,000,000	2.41
7.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board)*	2,647,400	1.60
8.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board (ABERISLAMIC)*	1,596,000	0.96
9.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board (RHB INV)*	1,594,900	0.96
10.	Soo Jian Yeu	1,340,000	0.81
11.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund)*	1,188,000	0.72
12.	Tan Jin Tuan	1,054,000	0.64
13.	Neoh Choo Ee & Company, Sdn. Berhad	956,400	0.58
14.	Chiu Wei Wen	948,500	0.57
15.	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd for Singular Value Fund)*	834,300	0.50
16.	Fong Ting Wong	753,000	0.45
17.	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust)*	709,700	0.43
18.	Maybank Nominees (Tempatan) Sdn Bhd *(Maybank Trustees Berhad for RHB Capital Fund (200189))*	600,000	0.36
19.	Maybank Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Chong Khong Shoong)*	600,000	0.36
20.	Public Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Chong Khong Shoong (E-IMO/JSI))*	550,000	0.33
21	Lim Pui Ngan	546,000	0.33
22	Sow Tiap	540,000	0.33
23	Yeo Khee Huat	535,200	0.32
24	Dynaquest Sdn Bhd	534,600	0.32
25	Chong Ik Poh	463,000	0.28
26	Lim Pui Ying	428,000	0.26
27	Kejutaan Vital Properties Sdn Bhd	400,000	0.24
28.	HSBC Nominees (Tempatan) Sdn Bhd *(HSBC (M) Trustee Bhd for Singular Asia Flexible Fund (5758-401))*	395,400	0.24
29.	Maybank Nominees (Tempatan) Sdn Bhd *(Singular Asset Management Sdn Bhd for the Trustees of AIA Malaysian Agents Provident Fund of AIA Bhd (421506)*	359,800	0.22
30.	Khoo Hwee @ Khoo Yew	330,000	0.20
	TOTAL	137,099,200	82.66

AS AT 30TH JUNE 2019

Location	Tenure	Description / Existing Use	Age Of Buildings (Years)	Approx. Area (Sq. m.)	Net Book Value at 30.06.2019 RM'000	Date of Acquisition
H.S.(D) 80039 P.T. No. 14351 Mukim Damansara Daerah Petaling Negeri Selangor	Freehold	Land with Factory cum Office Premises	27	19,984	9,840	20.12.1991
Lot 46 Seksyen U1 Glenmarie Industrial Estate Mukim of Damansara District of Klang Selangor Darul Ehsan	Freehold	Land with Office Premises (Office Warehouse)	22	4,251	4,191	05.08.1994
Lot 6100 Mukim of Kapar District of Klang Selangor Darul Ehsan	Freehold	Industrial Land (Store and Casting Yard)	–	40,494	4,134	16.03.1995
PT69171 Lot 11 Bandar Bukit Raja Klang	Freehold	Industrial Land (For Future Development)	–	11,744	5,849	20.07.2014
No. 17, Jalan Clover 6 Clover Garden Residence 63100 Cyberjaya Selangor	Freehold	3 Storey Semi Detached House (Vacant)	3	297	1,638	25.03.2014
No. 19, Jalan Clover 6 Clover Garden Residence 63100 Cyberjaya Selangor	Freehold	3 Storey Semi Detached House (Vacant)	3	297	1,638	25.03.2014
No. 21, Jalan Clover 6 Clover Garden Residence 63100 Cyberjaya Selangor	Freehold	3 Storey Semi Detached House (Vacant)	3	297	1,638	25.03.2014
12R Enterprise Road Enterprise 10 Singapore 627696	30 years' leasehold expiring in 2037	3 Storey Industrial Terrace Unit (Office)	10	653	2,780	14.03.2019
12S Enterprise Road Enterprise 10 Singapore 627696	30 years' leasehold expiring in 2037	Corner, 3 Storey Industrial Terrace Unit (Office)	10	648	2,780	10.09.2015
71 Woodlands Industrial Park E9 #01-10, Wave 9 Singapore 757048	30 years' leasehold expiring in 2044	Ground Floor Industrial Unit (Factory/Investment Property)	2	362	3,764	07.04.2016

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PINTARAS JAYA BERHAD
(Company No.: 189900-H)
(Incorporated in Malaysia)

CDS Account No.:

PROXY FORM

*I/We ....
(Full Name in Capital Letters)

NRIC No./Passport No./Company No. ....

of ....
(Address)

being a member(s) of PINTARAS JAYA BERHAD, hereby appoint ....

.... NRIC/Passport No. ....
(Full name in Capital Letters)

of ....
(Address)

*and/or failing him/her, ... NRIC/Passport No. ....
(Full name in Capital Letters)

of ....
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Thirtieth Annual General Meeting of Pintaras Jaya Berhad to be held at OWG, Inspire Ballroom, No. 10, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25th October 2019 a.m. at 10:00 a.m. and at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies (maximum 2 only) are as follows:
(The next paragraph should be completed only when two proxies are appointed)

* First Proxy (1) .... %

* Second Proxy (2) .... %

Number of shares held:

NO.	AGENDA	RESOLUTION	FOR	AGAINST
ORDINARY BUSINESS				
1.	To approve the payment of final single-tier dividend of 12 sen per ordinary share.	Ordinary Resolution 1		
2.	To approve the Directors' fees for the financial year ending 30 June 2020.	Ordinary Resolution 2		
3.	To re-elect Dr. Chiu Hong Keong as Director.	Ordinary Resolution 3		
4.	To re-elect Mr. Arnold Kwan Poon Keong as Director.	Ordinary Resolution 4		
5.	To re-elect Mr. Chiu Wei Siong as Director.	Ordinary Resolution 5		
6.	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6		
SPECIAL BUSINESS				
7.	To retain Mr. Arnold Kwan Poon Keong as an Independent Non-Executive Director.	Ordinary Resolution 7		
8.	To retain Mr. Chang Cheng Wah as an Independent Non-Executive Director.	Ordinary Resolution 8		
9.	Authority to issue shares.	Ordinary Resolution 9		
10.	Proposed Renewal of Share Buy-Back Authority.	Ordinary Resolution 10		
11.	Proposed Adoption of New Constitution of the Company.	Special Resolution 1		

Please indicate with (X) in the space provided how you wish your vote to be cast, in the absence of any specific direction, your proxy will vote or will vote or abstain at his/her discretion.

Dated this ....…………...day of ..………………...........2019

Tel No. …………………………………………………

....
*Signature(s)/Common Seal of Shareholder(s)

** Delete where inapplicable.*

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Notes:-

(1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

(2) To be valid, this form, duly completed must be deposited at the Registered Office at No. 8, Jalan Majistret U1/26, HICOM-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.

(3) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.

(4) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(5) Where a member of the Company is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(6) Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(7) If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

(8) A depositor shall not be regarded as a member entitled to attend this general meeting and to speak and vote thereat unless his/her name appears in the Register of Members and/or Record of Depositors as at 18 October 2019 issued by Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") upon request by the Company in accordance with the rules of the Bursa Depository.

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Stamp

PINTARAS JAYA BERHAD (189900-H)
No. 8 JALAN MAJISTRET U1/26
HICOM-GLENMARIE INDUSTRIAL PARK
40150 SHAH ALAM
SELANGOR DARUL EHSAN

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