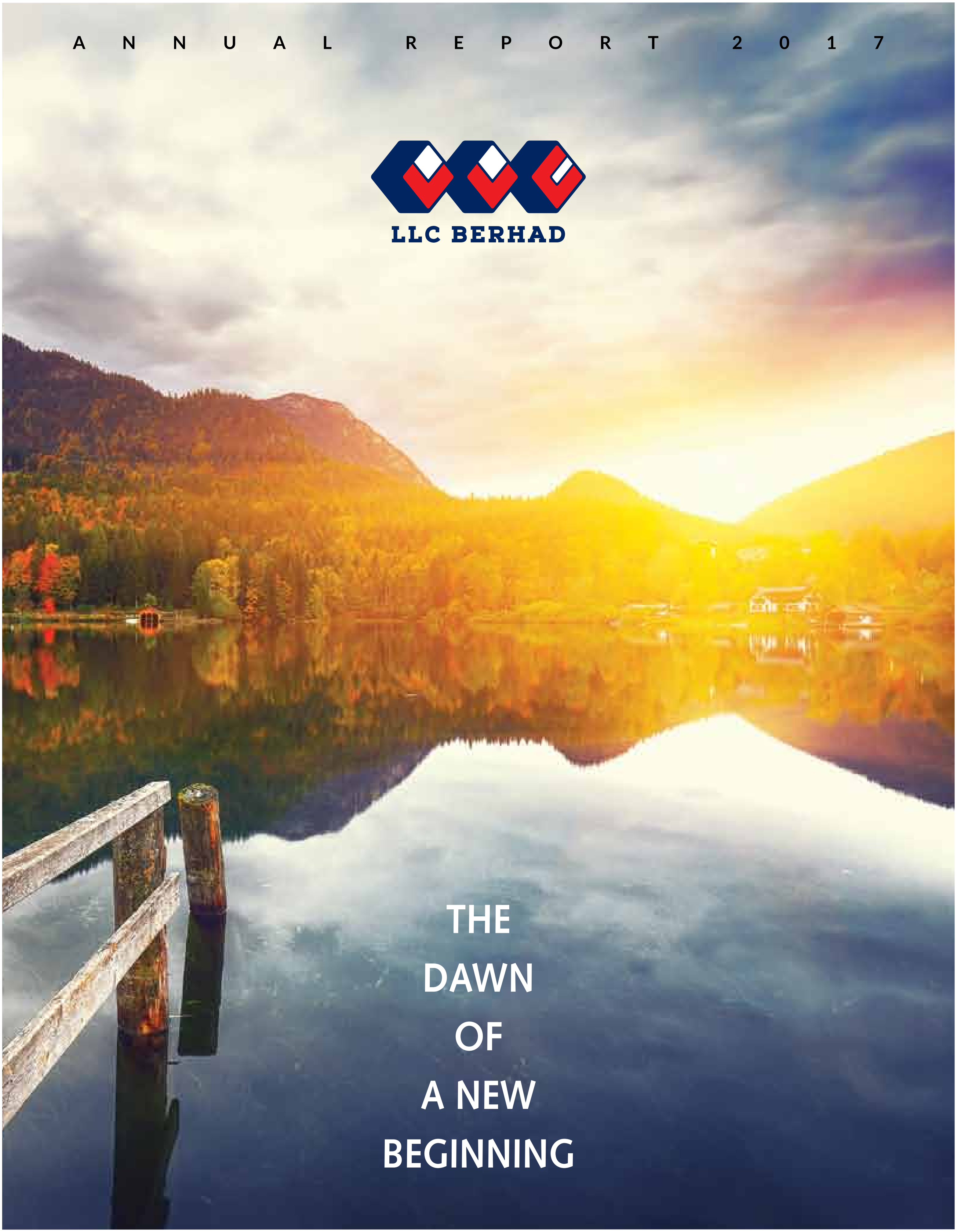
ANNUAL REPORT 2017

LLC BERHAD



THE DAWN OF A NEW BEGINNING

A NEW BEGINNING

LLC BERHAD

After 50 over years, and as an evolution of our group, we are now LLC Berhad. Our new name retains our brand value but also symbolizes our evolution over 50 years into a modern and diverse group with businesses in Civil and Structural Engineering, Mechanical and Electrical Engineering, Property Development, Operation and Maintenance and Renewable Energy. Our new logo of the three key building blocks symbolizes shareholder unity and working together with our key success factors of People, Technology and Knowledge.

Continuing a reputation that began more than 50 years ago as a specialist in infrastructure works especially in the field of water, our track record remains unequalled. A total of 18 dams completed todate, the largest water treatment plant, the largest water pipeline and the largest water pumping station and water reservoir in South East Asia.

We are extremely proud of our contribution to the development of our nation by improving the lives of countless Malaysians and increasing productivity and the quality of life.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y.A.M. Tengku Sulaiman Shah Ibni Sultan Salahuddin Abdul Aziz Shah
Non-Independent Non-Executive Chairman

Y.B.M. Puan Sri Dato' Tunku Noor Hayati Binti Tunku Abdul Rahman Putra Al Haj
Non-Independent Non-Executive Director

Mr. Loh Choon Quan (Marc)
Managing Director

Mr. Chatchaval Jiaravanon
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan
MAICSA 0777689

Chin Mun Yee
MAICSA 7019243

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad
United Overseas Bank (M) Bhd
RHB Bank Berhad

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor, Malaysia.

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur, Malaysia.

Tel: +603 - 2084 9000
Fax: +603 - 2094 9940 / 2095 0292

SOLICITORS

Zaid Ibrahim & Co.

CORPORATE STRUCTURE

AS AT 11 JUNE 2018

LLC BERHAD

CIVIL & STRUCTURAL
LLC INFRA SDN BHD
100%

- Jutakim Sdn Bhd 100%
- Quality Quarry Sdn Bhd 68%
- SLL JV Sdn Bhd 50%

PROPERTY DEVELOPMENT
LLC PROPERTIES SDN BHD
100%

- Millenium Creation Sdn Bhd 100%
- Turf-Tech Sdn Bhd 100%
- Green Heights Developments Sdn Bhd 100%
- Decorus Development Sdn Bhd 100%
- Medius Developments Sdn Bhd 100%

MECHANICAL & ELECTRICAL

WATER ENGINEERING TECHNOLOGY SDN BHD

100%

- WET O&M Sdn Bhd — 100%
- WET Sales & Services Sdn Bhd — 100%
- WET Envitech Sdn Bhd — 50%

RENEWABLE ENERGY

1 SERI MERDEKA SDN BHD

100%

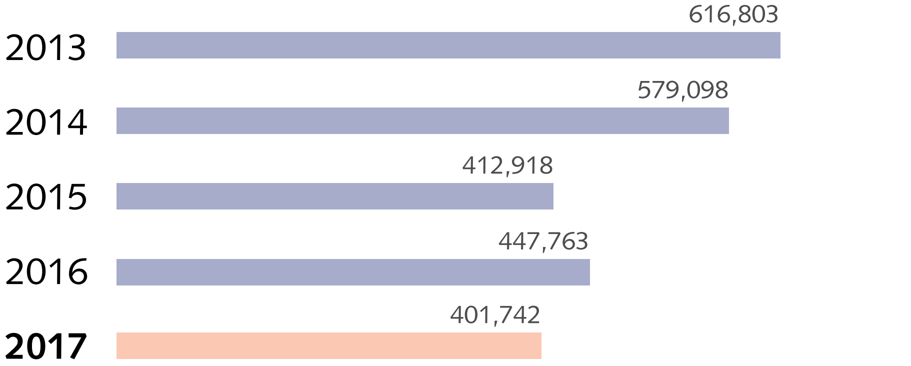
- Thinkhouse Communications Sdn Bhd — 100%
  - Pelus Hidro Sdn Bhd — 70%
- Kerian Energy Sdn Bhd — 95%

FINANCIAL HIGHLIGHTS

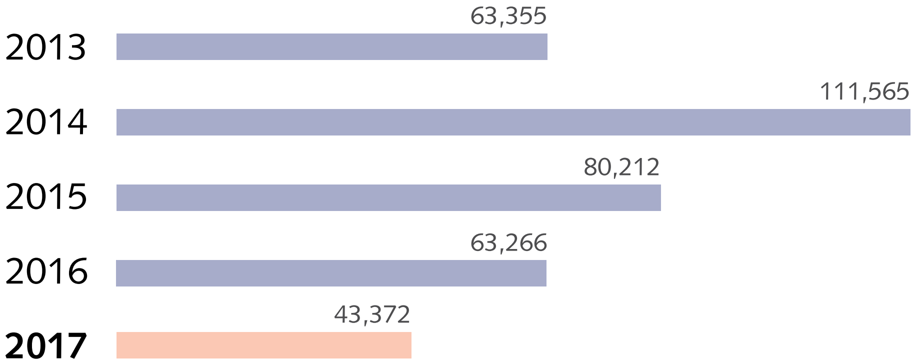
5 YEAR GROUP FINANCIAL STATISTICS

	2013	2014	2015	2016	**2017**
	RM'000	RM'000	RM'000	RM'000	**RM'000**
Revenue	616,803	579,098	412,918	447,763	**401,742**
Profit Before Tax	83,200	150,004	107,344	84,830	**59,481**
Profit After Tax	63,355	111,565	80,212	63,266	**43,372**
Total Assets	614,534	703,777	711,263	659,921	**604,425**
Net Assets	298,845	358,838	398,460	438,986	**479,873**
Equity Attributable To Owner Of The Company	297,201	357,314	397,143	430,896	**471,954**
Paid-up Share Capital	68,000	68,000	68,000	68,000	**68,000**
Per Share (SEN)					
Group Earnings	93	164	118	93	**64**
Net Assets	439	528	586	646	**706**
Dividend	55.59	75.38	67.38	43.62	**3.65**

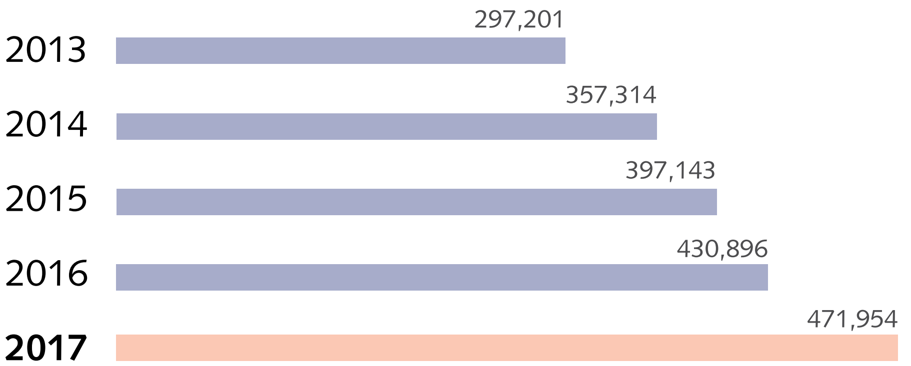
1 REVENUE RM'000



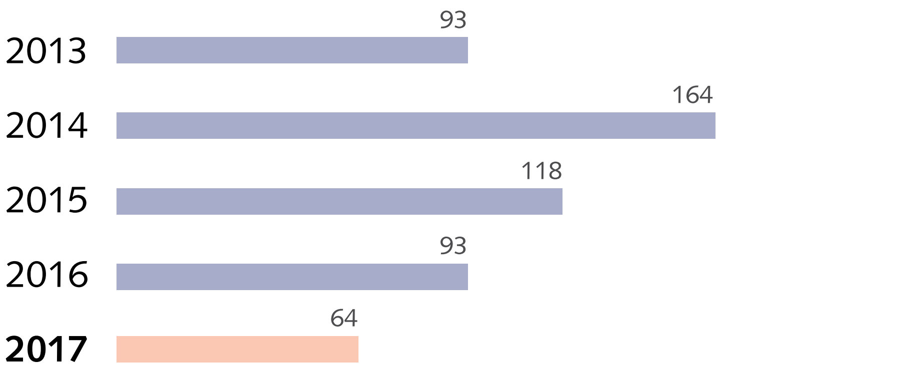
2 PROFIT AFTER TAX RM'000



3 EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY RM'000



4 EARNINGS PER SHARE SEN




LLC BERHAD

DREAMS & DEDICATION

are a powerful combination

— William Longgood

GROUP CORPORATE CALENDAR

JANUARY - JUN 2017

9 JANUARY (HQ)
ISO Training

7 FEBRUARY (Sime Darby CCCT)
Chinese New Year Lunch

23 FEBRUARY (L2P1B)
Technical Visit by Board of Directors of PAAB

24 FEBRUARY (HQ)
Sirim Surveillance & Upgrading Audit

4 APRIL (HQ)
Autocad Training

19 APRIL (Ipoh, Perak)
Bus Donation to MATAQAB

4 APRIL (HQ)
In-House Ping Pong Tournament

14 April (Pusat Darah Negara)
Blood Donation

6 JUN (Shah Alam, Selangor)
Subang Bestari

15 JUN (SDCC, Bukit Kiara)
Buka Puasa

JULY - DECEMBER 2017


7 JULY (HQ)
BM Trade Audit


8 AUGUST (Powerful Sports Arena, Kepong)
Badminton Tournament


8 AUGUST (Hotel Casuarina, Meru)
Badan Khidmat Islam Perak


8 AUGUST (HQ)
ISO Audit


9 AUGUST (L2P1B)
Program Lawatan Tapak YB Visit


10 OCTOBER (HQ)
Kerian Knowledge


10 OCTOBER
Mr.Yan's Surprise Birthday Party


11 NOVEMBER (HQ)
Certificate Presentation for Intern


15 DECEMBER (Nexus, Bangsar South City)
Christmas Party

CORPORATE SOCIAL RESPONSIBILITY (CSR)

At LLC we take our social responsibility seriously; as an obligation as well as a passion. The Group believes in helping organisations as part of our Corporate Social Responsibility (CSR) program if our finances permit. This is to help the less fortunate and to improve the lives of our fellow Malaysians.

LLC believes that when the Group actively promotes the idea that corporate success and social welfare are interdependent, the results are good for both Group and society.

Towards this end the Group endeavours to merge CSR initiatives with our business activities while encouraging and inspiring our employees to contribute to the environment and communities that the Group operates in.

1

COMMUNITY CAUSES

Donations

As part of our CSR initiatives, LLC Berhad donated a spanking new 25 seater mini bus worth more than RM221,000 to MATAQAB to replace their 20 year old dilapidated one. We fulfilled this promise on the 19th of April.

On the 6th of June, we contributed RM20,000 to the PIBG of Sekolah Menengah Kebangsaan Subang Bestari, Shah Alam, to help financially disadvantaged students. Part of this contribution will be channeled to the welfare of the handicapped.

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1. Overseeing our contribution to MATAQAB
2. The new donated 25-seater mini bus
3. Proudly handing over the cheque to the head of the PIBG
4. Being given a tour of the SMK Subang Bestari grounds

Blood Donation

An annual event for the Company is the blood donation drive, held in partnership with the Kuala Lumpur General Hospital. This year the donation was held at the National Blood Bank (Pusat Darah Negara), Jalan Tun Razak, Kuala Lumpur, and LLC staff members as well as our suppliers and subcontractors took time off from their work to make their life-giving donations. We wish to thank the staff of KLGH for their assistance and also our own staff and business associates for generously making life-giving donations. To encourage participation, our Managing Director has pledged to provide vouchers for a KFC dinner plate as a reward to every person who donated blood.


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1,2,3,4. Blood Donation at National Blood Bank, Jalan Tun Razak, KL

Career Talks and Scholarships

LLC believes in helping young Malaysians in their careers, and senior members of our staff are encouraged to take time off to give career talks at Career Fairs and other organised meetings at local institutions regularly. These talks provide a real life perspective to students and hopefully will provide them insight and guidance into the construction and development industries. The Group also assists in educational programs such as site visits to our projects as well as provide internship opportunities. We hope that these small efforts will provide the students with the much needed exposure to the industry.

In our continuing efforts to offer educational assistance to the less fortunate and financially challenged, The LLC Scholarship Fund will allow chosen students to pursue courses related to the Group's businesses. These scholarships will be awarded annually to those pursuing their tertiary education. More than 28 scholarships have been awarded to-date.

ENVIRONMENT CONCERNS

Changes in weather patterns and global warming are felt across the world. The Group believes in minimising the impact of our business activities on the environment and have implemented a Group wide environmental policy. This policy commits to mitigate or minimise adverse impacts arising from our business activities, strive to ensure that we comply with all environmental standards, rules and regulations set by the relevant authorities, and to proactively reduce our carbon footprint on the environment. LLC Group is also pursuing to obtain the ISO19001 and 45001 for Safety, Health and Environmental certification as part of our ongoing improvement process to push the group to the forefront on Safety, Health and Environmental compliances.

Recycling

The Group has instituted training programs to raise awareness among our staff about the best practices that should be put in place in order that we might "reuse, recycle, replenish, restore and reduce" whenever possible. Our staff has taken their own initiative to recycle paper whenever possible through recycling single-sided printouts, reducing usage through double-sided printing as well as ensuring that used paper is sold to recycling companies.

THE WORKPLACE

Health and Safety

The Group ensures that all project sites and offices are safe and conducive for our employees and all who set foot on our premises and projects. The Group does not compromise on safety and security and have set a goal of zero fatality at all worksites and premises.

The Group also expects all their suppliers and subcontractors to play an active role and be involved in our health and safety policies. All suppliers and subcontractors are appointed to form part of our project site Health and Safety Committees to ensure their participation and representation.

1. Career Fair.


1

Staff Development and Welfare

Staff development and welfare is an integral part of LLC Group. Policies are set to ensure that all staff are treated fairly, paid and rewarded equitably and given the right tools and opportunity to contribute their best and achieve their full potential within the Group.

Training is an important part of developing a skilled workforce that is aware of the latest applications and techniques. The Group identifies staff training needs constantly, and training programmes and schemes were conducted both in-house and externally to meet these needs. Where appropriate, suitable employees are sent for courses to enhance their performance, upgrade their knowledge, obtain better skills and understanding of the industry.

The Group aims to inculcate a family based culture as all management and staff are part of the LLC family. Staff organised events are encouraged to develop bonding among each other such as birthday celebrations, festive celebrations, sports, competitions, recreational activities, company trips and our annual dinner.


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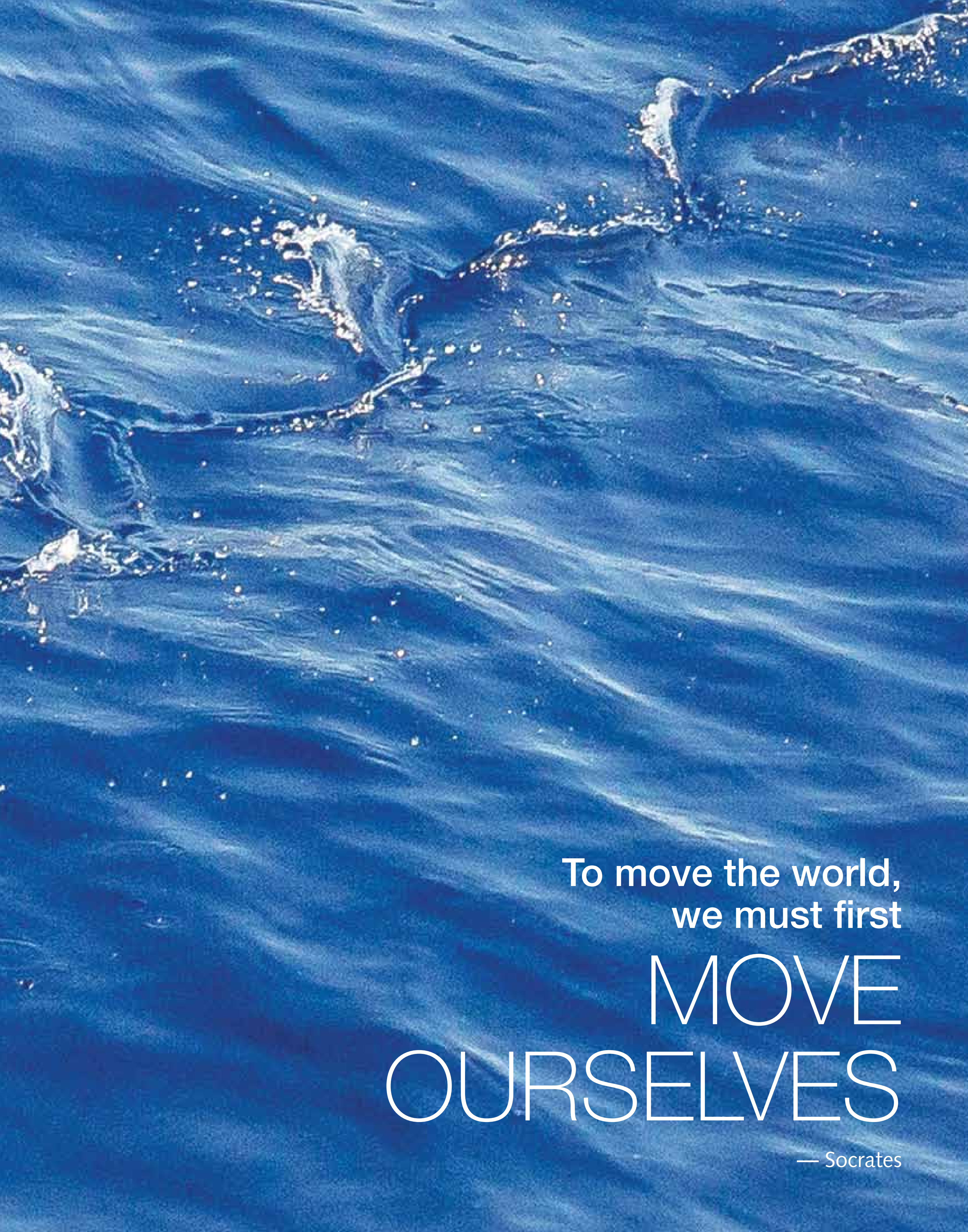
1. Autocad Training.
2. Chinese New Year Celebration Lunch.
3. Badminton Tournament.
4. Table Tennis Tournament.



To move the world,
we must first
MOVE
OURSELVES

— Socrates

A LETTER FROM OUR CHAIRMAN

Y.A.M. TENGKU SULAIMAN SHAH IBNI
SULTAN SALAHUDDIN ABDUL AZIZ SHAH

This is the first year that I am appointed as Chairman of LLC Berhad (LLC). It is indeed an honour and pleasure to head one of the best infrastructure groups in Malaysia with a rich history of over 50years and an experienced and well-trained staff force of over 750 personnel.

LLC is a name synonymous with specialist infrastructure works especially in the field of water, and our capabilities and track record are unique and unequalled with a total of 18 dams completed to date – effectively the most dams built by any Malaysian company. We have completed the largest water treatment plant (WTP) – the 950MLD Bukit Badong WTP, the largest water pipeline – the 3.0m Diameter Langat 2 pipeline, the largest water pump station in South East Asia – 2300MLD Semantan Pumping Station, and the largest water reservoir in South East Asia – the 210ML (Million Litres) Enggang Reservoir and the 3rd largest Sewage Treatment Plant in Malaysia – the 920,000 PE (Persons Equivalent) Langat CSTP.

LLC is also proud to have contributed to the development of the nation in major game-changing infrastructure projects such as the development of Putrajaya, the Interstate Water Transfer project, the Electrified Double Track projects, Langat 2 water supply project, the National Sewage Scheme projects and many others. These projects have helped to improve the lives of countless Malaysians and played a key role in increasing productivity and the quality of life!

Group Performance

2017 continues to be a challenging year as the property market continues to face weak demand due to loan approvals. Fluctuations in commodity prices and the further weakening of our foreign exchange value continue to impact costs of our infrastructure projects. However, the construction industry provides some reprieve with the roll out of more government infrastructure projects due to the impending elections. These infrastructure projects continue to soften the impact from our development business. I am pleased to inform that LLC Group has continued to perform well this year despite these challenging circumstances and has achieved a profit after taxation of RM43.4 million. This is a remarkable achievement considering the challenging environment with the weak property market, volatile prices of materials, and fluctuations in FOREX. These challenges continue to weigh down on our profits due to increasing costs and deferred property development revenue.

I would like to thank the management team together with the staff for their hard work and their dedication to mitigate these challenges to achieve such a significant financial result, especially in such challenging times.

Moving Forward

I believe that the new shareholders and with the management as part of the shareholders will align the interests of LLC group and together, we will work to realize the full potential of the group. I believe that this new beginning will set a platform for the group to evolve and propel the group on a new trajectory towards growth!

Acknowledgement

On behalf of the Board, I wish to express my appreciation to the Management team and staff for their unyielding loyalty, valuable contributions and team spirit, and to our valued customers, business associates, bankers and relevant authorities for their continued support and confidence in us.

Thank you.

MD'S REVIEW OF OPERATIONS

MR. LOH CHOON QUAN

Dear Valued Shareholders,
on behalf of the Board of Directors,

I am pleased to present the Annual Report and Audited Financial Statements of **LLC Berhad** ("LLC" or "the Group") for the financial year ended 31 December 2017.

REVIEW OF FINANCIAL YEAR

ENDED 31 DECEMBER 2017

In 2017, LLC Group underwent a major change with a new group of shareholders comprising of the Management and a group of key investors acquiring LLC Group effectively on 3rd November 2017. Our new shareholders now comprise of YAM Tengku Sulaiman Shah Ibni Sultan Salahuddin Abdul Aziz Shah – Tengku Laksamana of Selangor, YBM Tan Sri Dato Tengku Mohamad Rizam Bin Tengku Abdul Aziz – Tengku Temengong of Kelantan, Mr Chatchaval Jiaravanon – family member of Charoen Pokphand Group, and the Management. With this acquisition, the group has also rebranded itself into LLC Berhad to signify the change as well as an evolution of the group. The new Shareholders believe that the group has vast potential and will work together to realize the full potential of the group! This change will also align the interests of the management and the shareholders as the management will now be shareholders.

FINANCIAL PERFORMANCE

2017 continues to be a challenging year for the group as most of our major projects reach completion and the cost of commodities and forex continue to increase. Property has also been difficult with the weak demand due to tightening of bank loans. However, despite these challenges, I am pleased to report that LLC Group has continued to achieve admirable results in the challenging environment with a Group revenue and profit after tax of RM401.7million and RM43.37million respectively. The overall figures translate to net earnings per share of 64 sen.

In line with our results, the Group declared an interim single tier dividend of 3.65 sen per ordinary share of RM1.00 for the financial year ended 31 December 2017.

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1. 200MLD to 400MLD Batu Kitang WTP Rehabilitation, Sarawak.
2. 14MW Kerian Mini Hydro Project, Perak.

OPERATIONAL HIGHLIGHTS

Penetrating into new segments

LLC Infra S/B, our construction subsidiary, continued to be busy in 2017 with the 920,000PE (Persons Equivalent) Langat CSTP EPCC contract, which will be the 3rd largest Centralised Sewage Treatment Plant in Malaysia and the 210ML (Million Litres) Enggang Reservoir, which will be the largest water reservoir in Malaysia once completed. These two projects will again strengthen our track record as Malaysia's leading water infrastructure contractor. This Reservoir will hold the water for both the Langat 2 Phase 1 and 2 Water Treatment plants. These projects are all key national water and sewerage projects, and are a testimony of our competitiveness and capabilities.

During this year, the group also completed our first Mini-Hydro project, the 14MW (MegaWatt) Kerian Mini-hydro Scheme. Other ongoing projects are the CT9 Container Yard for Westport, and the earthworks for the 1220MW Malacca Power Plant, the largest Gas power plant in Malaysia and our first Power Plant project. The completion of Kerian Mini-hydro and the 1220MW Malacca Power Plant works will enable LLC Infra into the growing Mini-hydro segment, as there is vast potential due to the Government's focus on Renewable energy, as well as the Power Plant segment, which is traditionally controlled by International Contractors.

With the elections around the corner in 2018, I am also cautiously optimistic that the Government will continue to push out large infrastructure projects, and LLC Infra will be able to secure new major infrastructure projects and continue to grow and expand.

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1. 210ML Enggan Reservoir, Selangor.
2. WESTPORT Container Terminal 8, Port Klang, Selangor.

Stable income from Operation and Maintenance (O&M)

Water Engineering Technology S/B (WET), our M&E subsidiary, continues to develop its prowess in O&M with five ongoing contracts comprising of 3 water treatment plants in Sabah with a total capacity of 245Million Litres per Day (MLD) capacity, the 2260MLD Pahang Selangor Interstate transfer facilities and power supply to Petronas in Pengerang, Johor. These O&M projects have provided constant and stable income to WET as projects such as Batu Kitang Rehabilitation project, which involves the rehabilitation of part of the Batu Kitang Water Treatment Plant from 200MLD to 400MLD, and the 260MLD RAPID WTP are completed. The M&E works for the 920,000PE Langat CSTP, which WET is working together with LLC Infra is just starting this year and is expected to contribute positively in 2018.

Focused Development Approach

As the property market goes into its 3rd year of weak demand, our development subsidiary, LLC Properties S/B has changed to a strategy of focusing on key developments and reducing our land bank. This has been successfully implemented with the sale of the 65 acres land in Rawang to free up cash and reduce our exposure to the property segment. With this divestment, LLC Properties has reduced its leveraging and has more financial flexibility to implement its two land banks. Our Panorama project in Kelana Jaya which will feature two and three bedroom service apartments with expansive views of the Subang golf course and Kelana Jaya lakes, has secured full approvals and is expected to launch in 2018. This project will cater for first time home buyers with a target value of above RM500k, and located in the matured Kelana Jaya area. Panorama will also be well connected with highways and easy access to the new Glenmarie LRT station. This development should keep LLC Properties busy over the next 3 years with marketing and sales as well as construction of the new development.

The year ahead in 2018 is expected to continue to be a challenging year for the development industry with the softening market conditions due to the tightening of loans, high cost of land and raw materials. LLC Properties will continue to proceed prudently and mitigate these risks in our upcoming developments through a combination of diverse products, precise scheduling and prudent management.

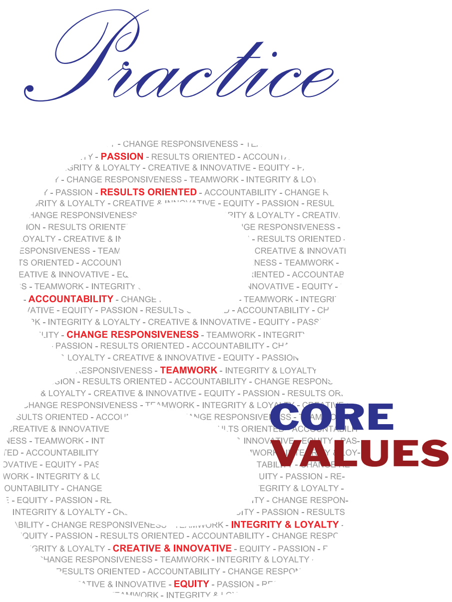
1. 200MLD to 400MLD Batu Kitang WTP Rehabilitation, Sarawak.
2. Operation & Maintenance work.

HUMAN CAPITAL DEVELOPMENT AND VALUES

The continual commitment, expertise and dedication of our management and staff plays a key role in the Group's performance, and the milestones achieved in 2017 continues to be a testimony of this crucial role. The Group encourages a teamwork approach towards decision making and involves team members at all levels to ensure ownership and commitment to set targets. The involvement of all our senior management in Human Resource management by being part of the Human Resource Executive Committee highlights the importance and emphasis on Human capital especially in training, promotion, and setting a system that rewards and incentivizes based on performance and results.

Our LLC Scholarship continues to provide the group with a noble means of helping your aspiring individuals to achieve their dreams. These individuals have also given the Group a steady stream of talent and to-date the Group supports over 28 scholars! Some of the scholars have already graduated and are now part of the LLC Family.

The Group continues to incorporate our PRACTICE 8 Core Values, which encompass Passion, Results Oriented, Accountability, Change Responsiveness, Teamwork, Integrity & Loyalty, Creativity & Innovativeness and Equity, under the acronym of 'PRACTICE,' as part of the Group Core Values.



1. Our dedicated and experienced HQ team members.

NEW OPPORTUNITIES

The Malaysian construction industry continues to be challenging in 2017 with the shortage of skilled labour, increasing material prices and highly volatile FOREX coupled with increasing regulatory requirements such as specific trades training, more stringent safety requirements, etc. This coupled with a weakening market in property, has made 2017 a highly challenging year. However, with our niche engineering capabilities, synergistic businesses and boutique development business, I believe the Group should be able to weather this difficult period.

With our expertise in water infrastructure, LLC is also venturing into the Renewable Energy sector especially in the Mini-hydro segment, which is highly synergistic with our current capabilities. This concession involves the design, construction, maintenance and production of energy for sale to Tenaga Nasional Berhad under a Renewable Energy Power Purchase Agreement (REPPA) and should pave the way to more stable earnings and reduce the volatility of our construction and development earnings.

THE COMING YEAR

LLC Group has built a strong premium brand, which stands for quality, reliability, safety, expertise and innovation. We have a long and respected history of more than 50 years. We have a highly qualified and energetic workforce of over 750 personnel led by an experienced and dedicated management team, whose enthusiasm and experience are vital to the success of our businesses. This, coupled with our new shareholders, should enable LLC Group to realise its full potential in the coming years! Our Construction and M&E subsidiary continues to have potential with our expertise and proven infrastructure track

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2

1. Panorama Residences, Kelana Jaya.
2. The Pipeline Package 1B for the Langat 2 Project.

record. The coming elections in 2018 will also provide opportunities for major Infrastructure projects such as the Pan Borneo Highway, Hydroelectric power projects in Pahang and Kelantan, Building of New Power Plants, High Speed Rail Link, East Coast Railway line Project. These new mega projects should provide the group with significant opportunities to increase our order book.

Our strong track record in boutique developments with good design and quality should improve the branding of our development subsidiary. Despite the weak property market, our track record and niche skills should enable our upcoming development - Panorama, Kelana Jaya, to be highly successful!

With our excellent niche track record, strong finances, expertise and the new shareholders as well the support of all LLC's staff and management, I am cautiously optimistic about the year ahead. I am confident that the Group will continue to improve and sustain its growth.

1

IN APPRECIATION

On behalf of the Group, I would like to welcome our new shareholders and Board of Directors. My sincere thanks goes out to my fellow Management and colleagues for your contributions and effort in 2017, and believe that your contributions will continue into 2018. To our valued customers, business associates, suppliers, subcontractors, bankers and regulatory authorities, I thank you for your continual support and confidence in us. Thank you!

1. 1800MW CCGT Power Plant, Melaka.

DIRECTORS' REPORT

for the year ended 31 December 2017

The Directors have the pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and civil construction, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

The Company was a subsidiary of Selesa Produktif Sdn. Bhd., of which is incorporated in Malaysia and was regarded by the Directors as the Company's ultimate holding company. The ultimate holding company was changed to Strategic Equity Sdn. Bhd. during the financial year and has remained as the ultimate holding company of the Company up till the date of this report.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

CHANGE OF NAME

The Company changed its name from Loh & Loh Corporation Berhad to LLC Berhad during the year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the year attributable to:		
Owners of the Company	43,543	3,061
Non-controlling interests	(171)	-
	43,372	3,061

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

Since the end of the previous financial year, the Company paid a first interim dividend of 3.65 sen per ordinary share totalling RM2,485,000 in respect of the financial year ended 31 December 2017 on 17 March 2017.

The Directors do not recommend any dividend to be paid for the financial year ended 31 December 2017.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Loh Choon Quan
Chatchaval Jiaravanon (appointed on 3.11.2017)
Tengku Sulaiman Shah ibni Sultan Abdul Aziz Shah (appointed on 3.11.2017)
Tunku Noor Hayati binti Tunku Abdul Rahman Putra (appointed on 3.11.2017)
Dato' Che Abdullah @ Rashidi bin Che Omar (resigned on 3.11.2017)
Mohd. Faizul bin Ibrahim (resigned on 3.11.2017)
Tan Vern Tact (resigned on 3.11.2017)
Tengku Dato' Rahimah Binti Sultan Mahmud (resigned on 3.11.2017)

DIRECTORS' INTERESTS IN SHARES

As the Company is a wholly-owned subsidiary of Strategic Equity Sdn. Bhd., the interests of Loh Choon Quan, Chatchaval Jiaravanon, Tengku Sulaiman Shah ibni Sultan Abdul Aziz Shah and Tunku Noor Hayati binti Tunku Abdul Rahman Putra in the Company and its related corporations are disclosed in the Directors' report of the immediate holding company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the insurance premium for total insurance effected for the Directors' of the Company is RM7,902.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENT DURING THE YEAR

The significant events are as disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 21 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tengku Sulaiman Shah Ibni Sultan Abdul Aziz Shah
Director

Loh Choon Quan
Director

Kuala Lumpur,
Date: 11 June 2018

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
ASSETS					
Property, plant and equipment	3	96,340	103,123	-	-
Investment properties	4	10,665	10,665	-	-
Investments in subsidiaries	5	-	-	145,315	145,315
Investments in joint venture	6	11,441	5,453	-	-
Concession assets	7	27,287	25,646	-	-
Deferred tax assets	8	10,036	5,961	-	-
Trade and other receivables	9	8,670	7,736	-	-
TOTAL NON-CURRENT ASSETS		164,439	158,584	145,315	145,315
Inventories	10	11,800	13,514	-	-
Other investments	11	15,096	15,177	15,096	15,177
Property development costs	12	142,843	210,739	-	-
Trade and other receivables	9	135,001	160,676	46,706	46,723
Current tax assets		21,175	18,055	685	579
Cash and cash equivalents	13	114,071	76,796	3,744	680
		439,986	494,957	66,231	63,159
Asset held for sale	14	-	6,380	-	-
TOTAL CURRENT ASSETS		439,986	501,337	66,231	63,159
TOTAL ASSETS		604,425	659,921	211,546	208,474
EQUITY					
Share capital	15	68,000	68,000	68,000	68,000
Revaluation reserve		11,887	11,887	76,886	76,886
Retained earnings		392,067	351,009	9,828	9,252
EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY		471,954	430,896	154,714	154,138
NON-CONTROLLING INTERESTS		7,919	8,090	-	-
TOTAL EQUITY		479,873	438,986	154,714	154,138

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017 (continued)

		GROUP		COMPANY	
	NOTE	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Loans and borrowings	16	8,468	23,816	-	-
Deferred tax liabilities	8	8,184	6,698	-	-
Trade and other payables	17	5,820	7,281	-	-
TOTAL NON-CURRENT LIABILITIES		22,472	37,795	-	-
Loans and borrowings	16	15,247	48,544	-	-
Deferred income	18	26,040	23,132	-	-
Trade and other payables	17	58,968	110,820	56,832	54,336
Current tax liabilities		1,825	644	-	-
TOTAL CURRENT LIABILITIES		102,080	183,140	56,832	54,336
TOTAL LIABILITIES		124,552	220,935	56,832	54,336
TOTAL EQUITY AND LIABILITIES		604,425	659,921	211,546	208,474

The notes set out on pages 43 to 105 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

		GROUP		COMPANY	
	NOTE	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Revenue	19	401,742	447,763	3,505	31,078
Cost of sales	20	(320,867)	(346,829)	(87)	(11,944)
GROSS PROFIT		80,875	100,934	3,418	19,134
Other income		8,405	18,315	2,256	18,815
Administrative expenses		(34,045)	(38,032)	(461)	(631)
RESULTS FROM OPERATING ACTIVITIES		55,235	81,217	5,213	37,318
Finance costs		(1,242)	(1,840)	(2,115)	(2,786)
Share of profit of equity-accounted joint venture, net of tax		5,488	5,453	-	-
PROFIT BEFORE TAX	21	59,481	84,830	3,098	34,532
Income tax expense	22	(16,109)	(21,564)	(37)	(228)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		43,372	63,266	3,061	34,304
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owner of the Company		43,543	63,414	3,061	34,304
Non-controlling interests		(171)	(148)	-	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		43,372	63,266	3,061	34,304

The notes set out on pages 43 to 105 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

		ATTRIBUTABLE TO OWNER OF THE COMPANY					
		NON-DISTRIBUTABLE		*DISTRIBUTABLE*			
		SHARE CAPITAL	**REVALUATION RESERVE**	**RETAINED EARNINGS**	**TOTAL**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
GROUP	**NOTE**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
AT 1 JANUARY 2016		68,000	11,887	317,256	397,143	1,317	398,460
Profit and total comprehensive income for the year		-	-	63,414	63,414	(148)	63,266
Contributions by and distributions to owner of the Company							
- Dividends to owner of the Company	23	-	-	(29,661)	(29,661)	-	(29,661)
TOTAL TRANSACTIONS WITH OWNER OF THE COMPANY		-	-	(29,661)	(29,661)	-	(29,661)
Acquisition through business combination	29	-	-	-	-	6,921	6,921
AT 31 DECEMBER 2016		68,000	11,887	351,009	430,896	8,090	438,986
		Note 15	Note 15				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017 (continued)

		ATTRIBUTABLE TO OWNERS OF THE COMPANY					
		NON-DISTRIBUTABLE		*DISTRIBUTABLE*			
		SHARE CAPITAL	**REVALUATION RESERVE**	**RETAINED EARNINGS**	**TOTAL**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
GROUP	**NOTE**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
AT 1 JANUARY 2017		68,000	11,887	351,009	430,896	8,090	438,986
Profit and total comprehensive income for the year		-	-	43,543	43,543	(171)	43,372
Contributions by and distributions to owner of the Company							
- Dividends to owner of the Company	23	-	-	(2,485)	(2,485)	-	(2,485)
TOTAL TRANSACTIONS WITH OWNER OF THE COMPANY		-	-	(2,485)	(2,485)	-	(2,485)
AT 31 DECEMBER 2017		68,000	11,887	392,067	471,954	7,919	479,873
		Note 15	Note 15				

The notes set out on pages 43 to 105 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

		ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		NON-DISTRIBUTABLE		*DISTRIBUTABLE*	
	NOTE	**SHARE CAPITAL**	**REVALUATION RESERVE**	**RETAINED EARNINGS**	**TOTAL EQUITY**
COMPANY		**RM'000**	**RM'000**	**RM'000**	**RM'000**
AT 1 JANUARY 2016		68,000	76,886	4,609	149,495
Profit and total comprehensive income for the year		-	-	34,304	34,304
Contributions by and distributions to owner of the Company					
- Dividends to owner of the Company	23	-	-	(29,661)	(29,661)
TOTAL TRANSACTIONS WITH OWNER OF THE COMPANY		-	-	(29,661)	(29,661)
AT 31 DECEMBER 2016/1 JANUARY 2017		68,000	76,886	9,252	154,138
Profit and total comprehensive income for the year		-	-	3,061	3,061
Contributions by and distributions to owner of the Company					
- Dividends to owner of the Company	23	-	-	(2,485)	(2,485)
TOTAL TRANSACTIONS WITH OWNER OF THE COMPANY		-	-	(2,485)	(2,485)
AT 31 DECEMBER 2017		68,000	76,886	9,828	154,714
		Note 15	Note 15		

The notes set out on pages 43 to 105 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017

	Note	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		59,481	84,830	3,098	34,532
Adjustments for:					
Property, plant and equipment					
• Depreciation		5,937	6,205	-	-
• Loss on disposal		1,191	495	-	-
• Written off		-	17	-	-
Net impairment loss/(reversal of impairment) on:					
• Investment in a subsidiary		-	-	-	11,524
• Trade receivables		(1,147)	(4,333)	-	-
Dividend income		(963)	(1,232)	(3,505)	(30,675)
Fair value loss/(gain)					
• Financial assets at fair value through profit or loss		81	(348)	81	(348)
• Investment properties		-	(2,561)	-	-
Finance income					
• Amount due from joint venture		(469)	-	-	-
• Deposits		(1,580)	(2,648)	-	-
• Other investments		-	(55)	-	(55)
• Others		(1,547)	(3,665)	(2,256)	(2,255)
Finance costs					
• Interest expenses		1,178	1,650	2,115	2,786
• Others		64	190	-	-
Share of profit of equity-accounted joint venture, net of tax		(5,488)	(5,453)	-	-
Waiver of amount owing to a subsidiary		-	-	-	(16,560)
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL		56,738	73,092	(467)	(1,051)

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017 (continued)

	Note	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL (CONTINUED)					
Changes in inventories		1,714	1,504	-	-
Changes in property development costs		67,924	(2,727)	-	-
Changes in trade and other receivables		30,947	45,353	2,273	28,189
Changes in trade and other payables and deferred income		(49,767)	(46,800)	381	(10,781)
CASH GENERATED FROM OPERATIONS		107,556	70,422	2,187	16,357
Tax refunded		-	752	-	-
Tax paid		(20,637)	(31,261)	(143)	(461)
NET CASH FROM OPERATING ACTIVITIES		86,919	39,913	2,044	15,896
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary	29	-	(8,000)	-	-
Additions to:					
• Property, plant and equipment	(i)	(102)	(65)	-	-
• Concession assets	7	(1,641)	(2,802)	-	-
Advances to joint venture		(2,806)	-	-	-
Dividends received		963	1,232	3,505	30,675
Interest received		2,049	5,251	-	55
Investment in joint venture		(500)	-	-	-
Proceeds from disposal of:					
• Investment property		5,742	-	-	-
• Other investments		-	10,748	-	10,748
• Property, plant and equipment		316	419	-	-
NET CASH FROM INVESTING ACTIVITIES		4,021	6,783	3,505	41,478

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017 (continued)

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(1,178)	(3,683)	-	-
Proceeds from refinancing of property, plant and equipment via finance lease		-	2,431	-	-
Repayment of finance lease liabilities		(4,407)	(3,523)	-	-
Net repayment of loans and borrowings		(45,595)	(13,657)	-	-
Dividends paid to owners of the Company		(2,485)	(56,807)	(2,485)	(56,807)
NET CASH USED IN FINANCING ACTIVITIES		(53,665)	(75,239)	(2,485)	(56,807)
Net increase/(decrease) in cash and cash equivalents		37,275	(28,543)	3,064	567
Cash and cash equivalents at 1 January		75,536	104,079	680	113
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	(ii)	112,811	75,536	3,744	680

(i) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,458,803 (2016: RM1,634,810) of which RM1,357,103 (2016: RM1,570,450) were acquired by means of finance leases.

(ii) CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Deposits	13	71,185	35,850	-	-
Less: Pledged deposits	13	(1,260)	(1,260)	-	-
		69,925	34,590	-	-
Cash and bank balances	13	42,886	40,946	3,744	680
		112,811	75,536	3,744	680

The notes set out on pages 43 to 105 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

LLC Berhad (formerly known as Loh & Loh Corporation Berhad) is a limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

PRINCIPAL PLACE OF BUSINESS
19 & 21, Jalan Sri Hartamas 7
Taman Sri Hartamas
50480 Kuala Lumpur

REGISTERED OFFICE
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in joint ventures. The financial statements of the Company as at and for the year ended 31 December 2017 do not include other entities.

The Company is principally engaged in investment holding and civil construction, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

The holding company is Strategic Equity Sdn. Bhd., which is incorporated and domiciled in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 11 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- FRS 9, Financial Instruments (2014)
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 2, Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4, Insurance Contracts - Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- Amendments to FRS 128, Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 140, Investment Property - Transfers of Investment Property

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- IC Interpretation 23, Uncertainty over Income Tax Treatments

FRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to FRS 10, Consolidated Financial Statements and FRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company fall within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate. Therefore, the Group and the Company are currently exempted from adopting the Malaysian Financial Reporting Standards and are referred to as a "Transitioning Entity".

The Group's and the Company's financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB and International Financial Reporting Standards ("IFRSs"). As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

1. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2(p)(ii) and Note 19 - Revenue from construction contracts
- Note 2(f) and Note 4 - Valuation of investment properties
- Note 2(r) and Note 8 - Valuation of deferred tax assets
- Note 2(m)(i) and Note 25.4 - Valuation and impairment of receivables

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Joint arrangements

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

A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(m)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows

- buildings 40-50 years
- plant and machinery 10-20 years
- office equipment, furniture and fittings 5-10 years
- motor vehicles 5-8 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(f) Investment properties (continued)

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(g) Concession assets

Concession assets, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

Developed properties

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

(i) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the deferred income in the statement of financial position.

(k) Property development costs

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

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

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in joint venture) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets, investment properties measured at fair value, amount due from contract customers, property development costs and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(o) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(p) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (continued)

(ii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iii) Property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

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

The excess of revenue recognised in profit or loss over billings to the purchasers is shown as accrued billings receivable under trade receivables while the excess billing to purchasers over revenue recognised in profit or loss is shown as progress billings under trade payables.

Revenue from the sale of completed properties is measured at fair value of the consideration received or receivable and is recognised in profit or loss when significant risks and rewards of ownership have been transferred to the customer.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (continued)

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Fair value measurement

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND	BUILDINGS ON FREEHOLD LAND	PLANT & MACHINERY	OFFICE EQUIPMENT, FURNITURE & FITTINGS	MOTOR VEHICLES	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COST						
At 1 January 2016	20,718	3,882	96,834	11,036	22,911	155,381
Additions	-	-	-	74	1,561	1,635
Disposals	-	-	(960)	(6)	(1,554)	(2,520)
Written off	-	-	(29)	(1,076)	(3)	(1,108)
At 31 December 2016/1 January 2017	20,718	3,882	95,845	10,028	22,915	153,388
Additions	-	-	13	167	1,279	1,459
Disposals	-	-	(395)	(616)	(2,969)	(3,980)
Written off	-	-	-	(1)	(2)	(3)
At 31 December 2017	20,718	3,882	95,463	9,578	21,223	150,864
DEPRECIATION						
At 1 January 2016	-	-	30,944	7,564	6,936	45,444
Depreciation for the year	-	82	4,220	956	2,260	7,518
Disposals	-	-	(727)	(6)	(873)	(1,606)
Written off	-	-	(29)	(1,059)	(3)	(1,091)
At 31 December 2016/1 January 2017	-	82	34,408	7,455	8,320	50,265
Depreciation for the year	-	99	4,008	797	1,831	6,735
Disposals	-	-	(380)	(588)	(1,505)	(2,473)
Written off	-	-	-	(1)	(2)	(3)
At 31 December 2017	-	181	38,036	7,663	8,644	54,524
CARRYING AMOUNTS						
At 1 January 2016	20,718	3,882	65,890	3,472	15,975	109,937
At 31 December 2016/1 January 2017	20,718	3,800	61,437	2,573	14,595	103,123
At 31 December 2017	20,718	3,701	57,427	1,915	12,579	96,340

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Leased plant and equipment

At the end of the reporting period, the carrying amount of leased plant and equipment was as follows:

GROUP	2017 RM'000	2016 RM'000
Motor vehicles	2,764	2,560
Plant and machinery	-	7,209
	2,764	9,769

4. INVESTMENT PROPERTIES

GROUP	2017 RM'000	2016 RM'000
At 1 January	10,665	14,484
Change in fair value recognised in profit or loss	-	2,561
Transfer to assets classified as held for sale (Note 14)	-	(6,380)
At 31 December	10,665	10,665
Included in the above are:		
At fair value		
Freehold land	10,125	10,125
Buildings	540	540
	10,665	10,665

There were no transactions recognised in profit or loss in respect of investment properties.

4. INVESTMENT PROPERTIES (CONTINUED)

Fair value information

Fair value of investment properties are categorised as level 3.

The following table shows a reconciliation of Level 3 fair values:

GROUP	2017 RM'000	2016 RM'000
At 1 January	10,665	14,484
Change in fair value recognised in profit or loss	-	2,561
Transfer to assets classified as held for sale	-	(6,380)
At 31 December	10,665	10,665

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Price per square foot	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

Valuation process applied by the Group for Level 3 fair value

The fair value of the investment properties is estimated by a registered valuer using the comparison approach based on current market value.

The comparison approach is the market approach of comparing the investment properties with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the investment properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at the fair value of the investment properties.

5. INVESTMENTS IN SUBSIDIARIES

COMPANY	2017 RM'000	2016 RM'000
Unquoted shares, at cost	145,315	156,839
Less: Impairment loss	-	(11,524)
	145,315	145,315

DETAILS OF SUBSIDIARIES

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST 2017 %	2016 %
Direct subsidiaries				
LLC Infra Sdn. Bhd. (formerly known as Loh & Loh Constructions Sdn. Bhd.)	Malaysia	Building and civil construction and investment holding	100	100
LLC Properties Sdn. Bhd. (formerly known as Loh & Loh Development Sdn. Bhd.)	Malaysia	Property development and investment holding	100	100
Water Engineering Technology Sdn. Bhd.	Malaysia	Trading, contracting and mechanical and electrical engineering related activities	100	100
Central Icon Sdn. Bhd.	Malaysia	Dormant	100	100
1 Seri Merdeka Sdn. Bhd. @	Malaysia	Investment holding	-	100
Subsidiaries of LLC Infra Sdn. Bhd. (formerly known as Loh & Loh Constructions Sdn. Bhd.)				
Jutakim Sdn. Bhd.	Malaysia	Civil engineering	100	100
Quality Quarry Sdn. Bhd.	Malaysia	Dormant	68	68

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST 2017 %	2016 %
Subsidiaries of LLC Properties Sdn. Bhd. (formerly known as Loh & Loh Development Sdn. Bhd.)				
Turf-Tech Sdn. Bhd.	Malaysia	Property development	100	100
Green Heights Developments Sdn. Bhd.	Malaysia	Property development	100	100
Medius Developments Sdn. Bhd.	Malaysia	Property development	100	100
Decorus Developments Sdn. Bhd.	Malaysia	Property development	100	100
Millenium Creation Sdn. Bhd.	Malaysia	Property development	100	100
Subsidiaries of Water Engineering Technology Sdn. Bhd.				
WET Sales and Services Sdn. Bhd.	Malaysia	Trading and contracting in water related equipment	100	100
WET O&M Sdn. Bhd.	Malaysia	Maintenance and operation of water and waste water treatment facilities	100	100
1 Seri Merdeka Sdn. Bhd. @	Malaysia	Investment holding	100	-

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST 2017 %	2016 %
Subsidiary of 1 Seri Merdeka Sdn. Bhd.				
Thinkhouse Communications Sdn. Bhd.	Malaysia	Investment holding	100	100
Subsidiary of Thinkhouse Communications Sdn. Bhd.				
Pelus Hidro Sdn. Bhd.	Malaysia	Own, operate, and maintain a renewable energy power plant	70	70

@ Transferred to Water Engineering Technology Sdn. Bhd. pursuant to internal restructuring in March 2017.

All the subsidiaries are audited by KPMG PLT.

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

NON-CONTROLLING INTEREST IN SUBSIDIARIES

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

GROUP 2017	PELUS HIDRO SDN. BHD. RM'000	OTHER SUBSIDIARIES WITH IMMATERIAL NCI RM'000	TOTAL RM'000
NCI percentage of ownership interest and voting interest	30%		
Carrying amount of NCI	6,817	1,030	7,919
Loss allocated to NCI	(15)	(156)	(171)
SUMMARISED FINANCIAL INFORMATION BEFORE INTRA-GROUP ELIMINATION			
AS AT 31 DECEMBER 2017			
Non-current assets	24,508		
Current assets	1,556		
Current liabilities	(3,342)		
Net assets	22,722		
YEAR ENDED 31 DECEMBER 2017			
Revenue	-		
Loss and total comprehensive expense for the year	(48)		
Cash flows from operating activities	(71)		
Cash flows from investing activities	(335)		
Cash flows from financing activities	50		
Net increase in cash and cash equivalents	(356)		

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

NON-CONTROLLING INTEREST IN SUBSIDIARIES (CONTINUED)

GROUP 2016	PELUS HIDRO SDN. BHD. RM'000	OTHER SUBSIDIARIES WITH IMMATERIAL NCI RM'000	TOTAL RM'000
NCI percentage of ownership interest and voting interest	30%		
Carrying amount of NCI	6,904	1,186	8,090
Loss allocated to NCI	(17)	(131)	(148)
SUMMARISED FINANCIAL INFORMATION BEFORE INTRA-GROUP ELIMINATION			
AS AT 31 DECEMBER 2016			
Non-current assets	25,740		
Current assets	565		
Current liabilities	(3,292)		
Net assets	23,013		
YEAR ENDED 31 DECEMBER 2016			
Revenue	-		
Loss and total comprehensive expense for the year	(58)		
Cash flows from operating activities	(73)		
Cash flows from investing activities	(2,802)		
Cash flows from financing activities	3,276		
Net increase in cash and cash equivalents	401		

6. INVESTMENTS IN JOINT VENTURES

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Unquoted shares in Malaysia, at cost	500	*	*	*
Share of post-acquisition reserve	10,941	5,453	-	-
	11,441	5,453	*	*

* Denotes RM1.00

Details of the joint venture are as follows:

NAME OF JOINT VENTURE	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST 2017 %	2016 %
Salcon - Loh & Loh JV Sdn. Bhd. ("SLLJV")	Malaysia	Civil Engineering	50	50
Joint venture of Water Engineering Technology Sdn. Bhd.				
WET Envitech Sdn. Bhd. ("WESB")	Malaysia	Mechanical and electrical engineering related activities	50	50

SLLJV and WESB are structured as separate vehicles and provide the Group rights to the net assets of the entities. Accordingly, the Group has classified the investments in SLLJV and WESB as joint ventures.

6. INVESTMENTS IN JOINT VENTURE (CONTINUED)

The following table summarises the financial information of material joint venture, as adjusted for any differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in joint venture, which is accounted for using the equity method.

	SLLJV	
	2017	**2016**
GROUP	**RM'000**	**RM'000**
Percentage of ownership interest and voting interest	50%	50%
SUMMARISED FINANCIAL INFORMATION		
AS AT 31 DECEMBER		
Non-current assets	-	-
Current assets (excluding cash and cash equivalents)	119,759	28,579
Non-current liabilities	-	-
Current liabilities	(102,219)	(39,860)
Cash and cash equivalents	2,016	22,187
Net assets	19,556	10,906
YEAR ENDED 31 DECEMBER		
Profit and total comprehensive income for the year	8,598	10,906
Included in profit and total comprehensive income:		
Revenue	229,110	125,788
Interest income	393	370
Income tax expense	(3,964)	(3,453)

The investment in WESB is not material, hence no additional disclosures were made.

7. CONCESSION ASSETS

GROUP	NOTE	2017 RM'000	2016 RM'000
At 1 January		25,646	-
Acquisition through business combination	29	-	22,844
Additions		1,641	2,802
At 31 December		27,287	25,646

Concession assets relate to rights conferred by the state of Perak Darul Ridzuan to participate in the development and operation of a mini hydro power plant under the Sustainable Energy Development Authority Malaysia's Feed in Tariff Programme in the state of Perak Darul Ridzuan. Under these agreements, the Group has the right to sell electrical power derived from the operation of the mini hydro power plant over the concession period of 21 years commencing from the feed-in tariff commencement date. Upon expiry of the concession period, possession of the mini hydro power plant will be delivered to the state government of Perak Darul Ridzuan, unless extensions are granted.

Impairment testing for intangibles not yet available for use

The recoverable amount of the concession assets was estimated based on their value in use, determined by discounting future cash flows to be generated from the operation of concession assets.

Value in use was determined by discounting the future cash flows expected to be generated from the operation of concession assets over the remaining concession period of 21 years based on the following key assumptions:

- Cash flows were projected based on 21 years business plan.
- Cash inflow from sales of electricity power is expected to be derived from full power generation capacity of the mini hydro power plant when it is commissioned.
- A pre-tax discount rate of 8% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the assets.

The values assigned to the key assumptions represent management's assessment of future trends in the operation of concession assets and are determined based on both external sources and internal sources (historical data).

The above estimates are not sensitive to the impairment testing for the concession assets.

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
	2017	2016	2017	2016	2017	2016
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	-	-	(15,936)	(15,217)	(15,936)	(15,217)
Provisions	15,288	11,431	-	-	15,288	11,431
Other items	-	3,049	2,500	-	2,500	3,049
Tax assets/(liabilities)	15,288	14,480	(13,436)	(15,217)	1,852	(737)
Set off of tax	(5,252)	(8,519)	5,252	8,519	-	-
Net tax assets/(liabilities)	10,036	5,961	(8,184)	(6,698)	1,852	(737)

Deductible temporary differences were recognised as deferred tax assets as the Group has considered that there will be sufficient future taxable profits that will be available against which they can be utilised.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

GROUP	2017	2016
	RM'000	RM'000
Tax loss carry-forward	25,166	14,300
Unabsorbed capital allowances	76	75
Other deductible temporary differences	81	44
	25,323	14,419

Deferred tax assets have not been recognised in respect of these items as they have arisen in Group entities that have a recent history of losses or in Group entities where future taxable profits may be insufficient to trigger the utilisation of these items.

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the year

	AT 1.1.2016	RECOGNISED IN PROFIT OR LOSS (NOTE 22)	AT 31.12.2016/ 1.1.2017	RECOGNISED IN PROFIT OR LOSS (NOTE 22)	AT 31.12.2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(13,863)	(1,354)	(15,217)	(719)	(15,936)
Provisions	12,595	(1,164)	11,431	3,857	15,288
Other items	1,986	1,063	3,049	(549)	2,500
	718	(1,455)	(737)	2,589	1,852

9. TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
		2017	2016	2017	2016
	NOTE	RM'000	RM'000	RM'000	RM'000
NON-CURRENT					
TRADE					
Trade receivables		8,347	7,401	-	-
Amount due from joint venture	9.1	323	335	-	-
	9.2	8,670	7,736	-	-
CURRENT					
TRADE					
Trade receivables	9.2	104,211	100,068	-	-
Less: Allowance for impairment loss		(3,436)	(4,583)	-	-
		100,775	95,485	-	-
Amount due from:					
• Joint venture	9.1	576	-	-	-
• Contract customers	9.3	6,174	43,439	-	-
		107,525	138,924	-	-
Non-trade					
Amount due from:					
• Subsidiaries	9.4	-	-	46,705	46,701
• Joint venture	9.4	6,870	4,064	-	-
Deposits		5,461	3,936	-	2
Prepayments		772	594	-	-
Other receivables	9.5	15,030	13,815	1	20
Less: Allowance for impairment loss		(657)	(657)	-	-
		27,476	21,752	46,706	46,723
		135,001	160,676	46,706	46,723
		143,671	168,412	46,706	46,723

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

9.1 Trade amount due from joint venture

The trade amount due from joint venture is subject to negotiated terms.

9.2 Trade receivables

Included in trade receivables at 31 December 2017 are retentions of RM29,019,093 (2016: RM48,084,754) relating to construction work-in-progress. Retentions are unsecured, interest-free and are expected to be collected as follows:

GROUP	2017 RM'000	2016 RM'000
Within 1 year	20,349	40,349
1 - 2 years	8,670	7,186
2 - 3 years	-	550
	29,019	48,085

9.3 Construction work-in-progress

GROUP	NOTE	2017 RM'000	2016 RM'000
Aggregate costs incurred to date		1,833,633	2,359,341
Add: Attributable profits		502,329	514,031
		2,335,962	2,873,372
Less: Progress billings		(2,355,828)	(2,853,065)
		(19,866)	20,307
Represented by:			
Amount due to contract customers	18	(26,040)	(23,132)
Amount due from contract customers		6,174	43,439
		(19,866)	20,307
Included in aggregate costs incurred during the financial year are the following:			
Depreciation of property, plant and equipment		770	1,279

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

9.4 Non-trade amounts due from subsidiaries and joint venture

The non-trade amounts due from subsidiaries and joint venture are unsecured, subject to interest at 6.70% - 6.85% (2016: 6.70% - 6.85%) per annum and repayable on demand.

9.5 Other receivables

Included in other receivables of the Group are:

(a) Goods and Services Tax receivable of RM969,010 (2016: RM4,888,563); and
(b) Deposit paid to tender for construction contract of RM4,000,000 (2016: Nil).

10. INVENTORIES

GROUP	NOTE	2017 RM'000	2016 RM'000
Water related equipment		-	3
Completed properties		11,800	13,511
		11,800	13,514
Recognised in profit or loss:			
Inventories recognised as cost of sales	20	1,711	3,890

11. OTHER INVESTMENTS

GROUP AND COMPANY	2017 RM'000	2016 RM'000
Held-to-maturity investments	15,000	15,000
Financial assets at fair value through profit or loss		
- Held for trading	96	177
	15,096	15,177

12. PROPERTY DEVELOPMENT COSTS

GROUP	NOTE	2017 RM'000	2016 RM'000
CUMULATIVE PROPERTY DEVELOPMENT COSTS			
At 1 January		210,739	205,945
Additions		4,245	4,794
Disposal	20	(72,141)	-
At 31 December		142,843	210,739
Included in the above are:			
Freehold land		93,573	160,509
Development costs		42,841	45,329
Borrowing costs		6,429	4,901
		142,843	210,739
Included in additions are:			
Borrowing costs		1,528	2,033
Depreciation of property, plant and equipment		28	34

At 31 December 2017, freehold land with carrying amount of RM60,020,726 (2016: RM60,020,726) is pledged as security for banking facilities secured (see Note 16).

13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits are placed with:				
Licensed banks	18,832	14,648	-	-
Licensed investment institution	52,353	21,202	-	-
	71,185	35,850	-	-
Cash and bank balances	42,886	40,946	3,744	680
	114,071	76,796	3,744	680

Included in the deposits placed with licensed banks is RM1,260,000 (2016: RM1,260,000) pledged as securities for banking facilities secured (see Note 16).

Included in cash and bank balances of the Group is RM1,734,335 (2016: RM531,622) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

14. ASSET HELD FOR SALE

Investment property of the Group comprising a plot of freehold land was presented as asset held for sale as the Group has executed a sales and purchase agreement for its disposal in December 2016. The transaction was completed in the current year as the conditions precedent have been met.

	2017	2016
GROUP	RM'000	RM'000
Investment property - Freehold land	-	6,380

The carrying amount of investment property included in asset classified as held for sale is the same as their carrying amount before it was being reclassified to current asset.

15. CAPITAL AND RESERVES

SHARE CAPITAL

GROUP AND COMPANY	AMOUNT 2017	NUMBER OF SHARES 2017	AMOUNT 2016	NUMBER OF SHARES 2016
	RM'000	000	RM'000	000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares	68,000	68,000	68,000	68,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

All shares rank equally with regard to the Company's residual assets.

REVALUATION RESERVE

The revaluation reserve relates to the revaluation of property, plant and equipment.

16. LOANS AND BORROWINGS

GROUP	NOTE	2017 RM'000	2016 RM'000
NON-CURRENT			
Term loans - secured	16.1	7,928	21,518
Finance lease liabilities	16.2	540	2,298
		8,468	23,816
CURRENT			
Term loans - secured	16.1	13,590	13,591
Finance lease liabilities	16.2	1,657	2,949
Revolving credit - unsecured		-	32,004
		15,247	48,544
		23,715	72,360

16.1 Securities

The term loans are secured over freehold land included in property development costs (see Note 12) and deposits placed with licensed banks (see Note 13).

16.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

GROUP	FUTURE MINIMUM LEASE PAYMENTS 2017 RM'000	INTEREST 2017 RM'000	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 2017 RM'000	FUTURE MINIMUM LEASE PAYMENTS 2016 RM'000	INTEREST 2016 RM'000	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 2016 RM'000
Less than one year	1,754	(97)	1,657	3,152	(203)	2,949
Between one and five years	575	(35)	540	2,416	(118)	2,298
	2,329	(132)	2,197	5,568	(321)	5,247

17. TRADE AND OTHER PAYABLES

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
NON-CURRENT					
TRADE					
Trade payables	17.1	5,820	7,281	-	-
CURRENT					
TRADE					
Trade payables	17.1	33,165	90,390	-	-
NON-TRADE					
Other payables	17.2	8,082	6,415	-	-
Amount due to subsidiaries	17.3	-	-	56,545	54,163
Accrued expenses		17,721	14,015	287	173
		25,803	20,430	56,832	54,336
		58,968	110,820	56,832	54,336
		64,788	118,101	56,832	54,336

17.1 Trade payables

Included in trade payables at 31 December 2017 are retention sums payable amounting to RM20,589,806 (2016: RM19,071,770).

17.2 Other payables

In 2016, included in other payables was deposits received for the sales of a plot of freehold land presented as assets classified as held for sale (see Note14) of RM638,000.

15.3 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, subject to interest at 6.70% - 6.85% (2016: 6.70% - 6.85%) per annum and repayable on demand.

18. DEFERRED INCOME

GROUP	NOTE	2017 RM'000	2016 RM'000
Amount due to contract customers	9.3	26,040	23,132

19. REVENUE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Construction contracts	312,493	443,729	-	-
Sale of goods	507	286	-	-
Sale of completed properties	2,400	2,113	-	-
Sale of development properties	85,379	-	-	-
Finance income	-	55	-	55
Dividends:				
- subsidiaries	-	-	2,542	29,443
- other investments	963	1,232	963	1,232
Others	-	348	-	348
	401,742	447,763	3,505	31,078

20. COST OF SALES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Construction contract costs	246,624	342,277	-	-
Cost of goods sold	304	242	-	-
Cost of completed properties sold	1,711	3,890	-	-
Cost of development properties sold	72,141	-	-	-
Cost relating to investing activity	87	-	87	-
Impairment loss on investment in a subsidiary	-	-	-	11,524
Others	-	420	-	420
	320,867	346,829	87	11,944

21. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
PROFIT BEFORE TAX IS ARRIVED AFTER CHARGING:				
Auditors' remuneration:				
- Audit fees				
KPMG Malaysia	217	199	25	22
- (Over)/Under provision in prior years	(20)	10	(36)	-
Impairment loss on investment in a subsidiary	-	-	-	11,524
Fair value loss on financial assets at fair value through profit or loss	81	-	81	-
Finance costs				
- Amount due to subsidiaries	-	-	2,115	2,786
- Loans and borrowings	1,178	1,650	-	-
- Others	64	190	-	-
Property, plant and equipment				
- Depreciation	5,937	6,205	-	-
- Loss on disposal	1,191	495	-	-
- Written off	-	17	-	-
Personnel expenses				
- wages, salaries and others	36,724	39,773	-	-
- contributions to state plans	4,067	4,675	-	-
Realised foreign exchange loss	-	18	-	-
Rental of premises	768	593	-	-
AND AFTER CREDITING:				
Interest income				
- Amount due from joint venture	469	-	-	-
- Amount due from subsidiaries	-	-	2,256	2,255
- Deposits	1,580	2,648	-	-
- Other investments	-	55	-	55
- Others	1,547	3,665	-	-
Fair value gain on:				
- Financial assets at fair value through profit or loss	-	348	-	348
- Investment properties	-	2,561	-	-
Reversal of impairment loss on trade receivables	1,147	4,333	-	-
Waiver of amount owing to a subsidiary	-	-	-	16,560

22. INCOME TAX EXPENSE

RECOGNISED IN PROFIT OR LOSS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
CURRENT TAX EXPENSE				
Malaysian - current	16,535	19,613	35	-
- prior year	2,163	496	2	228
Total current tax recognised in the profit or loss	18,698	20,109	37	228
DEFERRED TAX EXPENSE				
Origination and reversal of temporary differences	(753)	27	-	-
(Over)/Under provision in prior years	(1,836)	1,428	-	-
Total deferred tax recognised in profit or loss (Note 8)	(2,589)	1,455	-	-
Total income tax expense	16,109	21,564	37	228
Share of tax of equity-accounted joint venture	2,137	1,727	-	-
	18,246	23,291	37	228
RECONCILIATION OF TAX EXPENSE				
Profit for the year	43,372	63,266	3,061	34,304
Total income tax expense	18,246	23,291	37	228
Profit excluding tax	61,618	86,557	3,098	34,532
Income tax calculated using Malaysian tax rate of 24%	14,788	20,774	744	8,288
Non-deductible expenses	1,385	1,300	132	3,049
Non-taxable income	(482)	(698)	(841)	(3,974)
Tax exempt income	(389)	(880)	-	(7,363)
Net deferred tax assets not recognised in respect of deductible temporary differences	2,617	871	-	-
Recognition of previously unrecognised deductible temporary differences	-	-	-	-
Under provision of current tax in prior years	2,163	496	2	228
(Over)/Under provision of deferred tax in prior year	(1,836)	1,428	-	-
	18,246	23,291	37	228

23. DIVIDENDS

Dividends recognised by the Company:

	SEN PER SHARE (SINGLE TIER)	TOTAL AMOUNT RM'000	DATE OF PAYMENT
2017			
First interim 2017 ordinary	3.65	2,485	17.3.2017
2016			
First interim 2016 ordinary	2.49	1,693	10.6.2016
Second interim 2016 ordinary	39.34	26,750	13.9.2016
Third interim 2016 ordinary	1.79	1,218	13.12.2016
Total amount		29,661	

The Directors do not recommend any final dividend to be paid for the financial year under review.

24. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Construction — Includes building and civil construction activities
- Investment holdings — Includes investments in subsidiaries, properties and other unquoted investments
- Property development — Includes property development activities

Non-reportable segment of the Group comprise operations related to trading of water related equipment. The non-reportable segment does not meet the quantitative thresholds for reporting segments in 2017 and 2016.

There are varying levels of integration between the construction reportable segment and the property development reportable segment. This integration includes the construction of buildings by the construction reportable segment for the property development reportable segment. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

24. OPERATING SEGMENTS (CONTINUED)

SEGMENT ASSETS

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets are used to measure the return of assets of each segment.

SEGMENT LIABILITIES

The total segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

SEGMENT CAPITAL EXPENDITURE

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

2017	CONSTRUCTION RM'000	INVESTMENTS RM'000	PROPERTY DEVELOPMENT RM'000	TOTAL REPORTABLE SEGMENT RM'000	NON-REPORTABLE SEGMENT RM'000	ELIMINATION OF INTER-SEGMENT TRANSACTIONS OR BALANCES RM'000	CONSOLIDATED TOTAL RM'000
SEGMENT PROFIT	64,977	26,007	(8,002)	82,982	(291)	(23,210)	59,481
Included in measure of segment profit are:							
Revenue from external customers	312,493	963	87,779	401,235	507	-	401,742
Depreciation of property, plant and equipment	(5,408)	(236)	-	(5,644)	(293)	-	(5,937)
Finance costs	(1,239)	-	(3)	(1,242)	-	-	(1,242)
Tax expense	(14,683)	(37)	(785)	(15,505)	(604)	-	(16,109)
SEGMENT ASSETS	344,614	231,898	192,274	768,786	15,799	(180,160)	604,425
SEGMENT LIABILITIES	101,852	507	23,527	125,886	4,586	(5,920)	124,552
SEGMENT CAPITAL EXPENDITURE	1,459	-	-	1,459	-	-	1,459

24. OPERATING SEGMENTS (CONTINUED)

2016	CONSTRUCTION RM'000	INVESTMENTS RM'000	PROPERTY DEVELOPMENT RM'000	TOTAL REPORTABLE SEGMENT RM'000	NON-REPORTABLE SEGMENT RM'000	ELIMINATION OF INTER-SEGMENT TRANSACTIONS OR BALANCES RM'000	CONSOLIDATED TOTAL RM'000
SEGMENT PROFIT	97,529	21,430	(3,949)	115,010	1,582	(31,762)	84,830
Included in measure of segment profit are:							
Revenue from external customers	443,729	1,635	2,114	447,478	285	-	447,763
Depreciation of property, plant and equipment	(5,648)	(212)	-	(5,860)	(345)	-	(6,205)
Finance costs	(1,834)	(3)	(3)	(1,840)	-	-	(1,840)
Tax expense	(20,846)	(228)	-	(21,074)	(490)	-	(21,564)
SEGMENT ASSETS	348,969	212,023	250,120	811,112	32,131	(183,322)	659,921
SEGMENT LIABILITIES	195,259	464	35,450	231,173	3,160	(13,398)	220,935
SEGMENT CAPITAL EXPENDITURE	1,635	-	-	1,635	-	-	1,635

MAJOR CUSTOMERS

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

GROUP	2017 RM'000	2016 RM'000	SEGMENT
Customer A	68,100	92,784	Construction
Customer B	46,224	54,125	Construction
Customer C	85,379	-	Property development

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

a. Loans and receivables ("L&R");
b. Fair value through profit or loss - Held for trading ("FVTPL-HFT");
c. Held-to-maturity investments ("HTM"); and
d. Financial liabilities measured at amortised cost ("FL").

2017	CARRYING AMOUNT RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000	HTM RM'000
FINANCIAL ASSETS				
GROUP				
Other investments	15,096	-	96	15,000
Trade and other receivables *	141,930	141,930	-	-
Cash and cash equivalents	114,071	114,071	-	-
	271,097	256,001	96	15,000
COMPANY				
Other investments	15,096	-	96	15,000
Trade and other receivables	46,706	46,706	-	-
Cash and cash equivalents	3,744	3,744	-	-
	65,546	50,450	96	15,000
FINANCIAL LIABILITIES				
GROUP				
Loans and borrowings	(23,715)	(23,715)	-	-
Trade and other payables	(64,788)	(64,788)	-	-
	(88,503)	(88,503)	-	-
COMPANY				
Trade and other payables	(56,832)	(56,832)	-	-

* Exclude non-financial instruments

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.1 Categories of financial instruments (continued)

2016	CARRYING AMOUNT RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000	HTM RM'000
FINANCIAL ASSETS				
GROUP				
Other investments	15,177	-	177	15,000
Trade and other receivables *	162,821	162,821	-	-
Cash and cash equivalents	76,796	76,796	-	-
	254,794	239,617	177	15,000
COMPANY				
Other investments	15,177	-	177	15,000
Trade and other receivables	46,723	46,723	-	-
Cash and cash equivalents	680	680	-	-
	62,580	47,403	177	15,000
FINANCIAL LIABILITIES				
GROUP				
Loans and borrowings	(72,360)	(72,360)	-	-
Trade and other payables *	(118,101)	(118,101)	-	-
	(190,461)	(190,461)	-	-
COMPANY				
Trade and other payables	(54,336)	(54,336)	-	-

* Exclude non-financial instruments

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.2 Net gains and losses arising from financial instruments

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on:				
Fair value through profit or loss				
- Held for trading	(81)	348	(81)	348
Loans and receivables	4,679	10,230	2,256	2,255
Financial liabilities measured at amortised cost	(1,178)	(1,650)	(2,115)	(2,786)
	3,420	8,928	60	(183)

25.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, investment in debt securities and amount due from joint venture. The Company's exposure to credit risk arises principally from amount due from subsidiaries and financial guarantees given to banks for banking facilities granted to group entities.

Receivables

Risk management objectives, policies and processes for managing the risk
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

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

	2017	**2016**
GROUP	**RM'000**	**RM'000**
Construction	109,764	101,520
Property development	1	1,129
Trading	256	572
	110,021	103,221

Approximately 81% (2016: 68%) of the Group's trade receivables were due from 5 (2016: 5) major customers located in Malaysia.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The Group does not require collateral in respect of trade and other receivables.

The exposure of credit risk for trade receivables as at the end of the reporting period was mainly from domestic geographic region. As such, disclosure on geographical information is not presented.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

GROUP	GROSS RM'000	INDIVIDUAL IMPAIRMENT RM'000	NET RM'000
2017			
Not past due	22,271	-	22,271
Past due 1 - 30 days	36,637	-	36,637
Past due 31 - 120 days	29,860	-	29,860
Past due more than 120 days	24,689	(3,436)	21,253
	113,457	(3,436)	110,021
2016			
Not past due	32,601	-	32,601
Past due 1 - 30 days	46,397	-	46,397
Past due 31 - 120 days	18,622	-	18,622
Past due more than 120 days	10,184	(4,583)	5,601
	107,804	(4,583)	103,221

The movements in the allowance for impairment losses of trade receivables during the financial year were:

GROUP	2017 RM'000	2016 RM'000
At 1 January	4,583	8,916
Impairment loss reversed	(1,147)	(4,333)
At 31 December	3,436	4,583

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The Group does not require collateral in respect of trade and other receivables. The Group established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is specific loss that relates to individually significant exposures.

Although past due trade receivables have exceeded the credit terms granted to them, the Directors are reasonably confident that all debts can be recovered within the next 12 months.

In respect of amount due from contract customers, the amount is not past due.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are only allowed in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group and the Company do not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the counterparties would fail to meet their obligations, hence no impairment loss has been recognised in respect of investments and other financial assets.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Receivables (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and repayments made by the subsidiaries on an ongoing basis.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure to credit risk amounts to RM23,714,606 (2016: RM67,112,049) representing the total banking facilities of the subsidiaries.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment or fail to perform in respect of construction contracts with contract customers.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries and joint ventures. The Company monitors the results of the subsidiaries and joint ventures regularly.

Exposure to credit risk, credit quality and collateral

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

Advances are only provided to group entities which are controlled or jointly controlled by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries and joint venture are not recoverable. The Company does not specifically monitor the ageing of advances to the subsidiaries and joint venture. Nevertheless, these advances are not overdue and are repayable on demand.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk

Liquidity risk is the risk when the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings, financial guarantees given to banks and performance guarantees given to contract customers.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2017	**CARRYING AMOUNT**	**CONTRACTUAL INTEREST RATE**	**CONTRACTUAL CASH FLOWS**	**UNDER 1 YEAR**	**1 - 5 YEARS**
GROUP	**RM'000**	**%**	**RM'000**	**RM'000**	**RM'000**
NON-DERIVATIVE FINANCIAL LIABILITIES					
Term loans	21,518	6.40	22,683	14,460	8,223
Finance lease liabilities	2,197	4.48-6.67	2,329	1,754	575
Non-interest bearing trade and other payables					
- non-current	5,820	-	6,071	-	6,071
- current	58,968	-	58,968	58,968	-
Performance guarantees	-	-	85,512	85,512	-
	88,503		175,563	160,694	14,869
COMPANY					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables					
- interest bearing	56,545	6.70-6.85	56,545	56,545	-
- non-interest bearing	287	-	287	287	-
Performance guarantees	-	-	85,512	85,512	-
Financial guarantees	-	-	23,715	23,715	-
	56,832		166,059	166,059	-

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk (continued)

2016	CARRYING AMOUNT	CONTRACTUAL INTEREST RATE	CONTRACTUAL CASH FLOWS	UNDER 1 YEAR	1 - 5 YEARS
GROUP	**RM'000**	**%**	**RM'000**	**RM'000**	**RM'000**
NON-DERIVATIVE FINANCIAL LIABILITIES					
Term loans	35,109	5.27	36,048	14,531	21,517
Revolving credit	32,004	4.91	32,005	32,005	-
Finance lease liabilities	5,247	4.48-6.67	5,568	3,152	2,416
Non-interest bearing trade and other payables					
- non-current	7,281	-	7,543	-	7,543
- current	110,820	-	110,820	110,820	-
Performance guarantees	-	-	158,804	158,804	-
	190,461		350,788	319,312	31,476
COMPANY					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables					
- interest bearing	54,163	6.70-6.85	54,163	54,163	-
- non-interest bearing	173	-	173	173	-
Performance guarantees	-	-	158,804	158,804	-
Financial guarantees	-	-	67,112	67,112	-
	54,336		280,252	280,252	-

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk

Market risk is the risk that changes with market prices, such as interest rates and other prices that will affect the Group's financial position or cash flows.

25.6.1 Interest rate risk

The Group's and the Company's investment in fixed rate debt securities and deposits placed with licensed banks and the Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate investment in deposits placed with licensed investment institutions, amount due from joint venture, amount due from subsidiaries and variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

Risk management objectives, policies and processes for managing the risk

The Group adopts a policy of investing in both fixed rate and variable rate instruments to mitigate the risk of fluctuation in interest rates.

The Group regularly reviews its debt portfolio and such strategies enable the Group to source low interest funding from the market and achieve a certain level of protection against interest rate hikes. The Group does not use derivative financial instruments to hedge its debt obligations.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing and interest-earning financial instruments, based on carrying amounts as at the end of the reporting period was:

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
FIXED RATE INSTRUMENTS				
Financial assets	33,832	29,648	15,000	15,000
Financial liabilities	(2,197)	(5,247)	-	-
	31,635	24,401	15,000	15,000
FLOATING RATE INSTRUMENTS				
Financial assets	59,223	25,266	46,705	46,701
Financial liabilities	(21,518)	(67,113)	(56,545)	(54,163)
	37,705	(41,847)	(9,840)	(7,462)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.1 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constant.

GROUP	100BP INCREASE RM'000	100BP DECREASE RM'000
2017		
Floating rate instruments	287	(287)
2016		
Floating rate instruments	(318)	318
COMPANY		
2017		
Floating rate instruments	(75)	75
2016		
Floating rate instruments	(57)	57

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.2 Other price risk

Equity price risk arises from the Group's investments in funds managed by an asset management company.

Risk management objectives, policies and processes for managing the risk

The Group monitors the portfolio and results of the asset management company on a monthly basis.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remained constant and the Group's equity investments moves in correlation with FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 10% (2016: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased equity and post-tax profit by RM9,600 (2016: RM18,000) for investments classified as fair value through profit or loss. A 10% (2016: 10%) weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

25.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted securities due to lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED*/NOT CARRIED AT FAIR VALUE				CARRYING
GROUP	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**	**AMOUNT**
2017	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FINANCIAL ASSETS					
Fund managed by asset management company	96*	-	-	96	96
Trade and other receivables					
- non-current	-	-	9,047	9,047	8,670
	96	-	9,047	9,143	8,766
FINANCIAL LIABILITIES					
Trade and other payables					
- non-current	-	-	(6,071)	(6,071)	(5,820)
Term loans	-	-	(22,683)	(22,683)	(21,518)
Finance lease liabilities	-	-	(2,329)	(2,329)	(2,197)
	-	-	(31,083)	(31,083)	(29,535)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value information (continued)

GROUP	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED*/NOT CARRIED AT FAIR VALUE				CARRYING
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	AMOUNT
2016	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FINANCIAL ASSETS					
Fund managed by asset management company	177*	-	-	177	177
Trade and other receivables					
- non-current	-	-	8,200	8,200	7,736
	177	-	8,200	8,377	7,913
FINANCIAL LIABILITIES					
Trade and other payables					
- non-current	-	-	(7,543)	(7,543)	(7,281)
Term loans	-	-	(36,048)	(36,048)	(35,109)
Finance lease liabilities	-	-	(5,568)	(5,568)	(5,247)
	-	-	(49,159)	(49,159)	(47,637)

COMPANY	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				CARRYING
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	AMOUNT
2017	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FINANCIAL ASSETS					
Fund managed by asset management company	96	-	-	96	96
2016					
FINANCIAL ASSETS					
Fund managed by asset management company	177	-	-	177	177

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value information (continued)

Level 3 fair value

The valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models for financial instruments not carried at fair value are as follows:

- Finance lease liabilities and term loans - The fair values of finance lease liabilities and term loans are estimated based on discounted cash flows using prevailing market rates of similar lease agreements.

- Non-current trade and other receivables and payables - The fair values of trade and other receivables and payables are estimated based on discounted cash flows using base lending rates.

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

The debt-to-equity ratios at 31 December 2017 and at 31 December 2016 were as follows:

GROUP	NOTE	2017 RM'000	2016 RM'000
Loans and borrowings	16	23,715	72,360
Trade and other payables	17	64,788	118,101
Less: Cash and cash equivalents	13	(114,071)	(76,796)
Net debt		(25,568)	113,665
Total equity		479,873	438,986
Debt-to-equity ratios		-*	0.26

*The Group's cash and cash equivalents are in excess of the Company's debt at 31 December 2017.

There were no changes in the Group's approach to capital management during the financial year.

27. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	GROUP		COMPANY	
CONTINGENT LIABILITIES NOT CONSIDERED REMOTE	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Corporate guarantees given to licensed banks in respect of:				
- Bank facilities granted to subsidiaries	-	-	23,715	67,112
- Performance bond granted in favour of contract customers	85,512	158,804	85,512	158,804
	85,512	158,804	109,227	225,916

28. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding company, subsidiaries, joint ventures and key management personnel.

28. RELATED PARTIES (CONTINUED)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transaction are shown in Note 9 and Note 17.

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
Dividends income	-	-	2,542	29,443
Interest expense	-	-	(2,115)	(2,786)
Interest income	-	-	2,256	2,255
Transfer of investment in 1 Seri Merdeka Sdn. Bhd. (see Note 30)	-	-	2	-
Joint ventures				
Advances given	(2,806)	(1,218)	-	-
Interest income	469	-	-	-
Progress billings receivable	770	3,007	-	-
Key management personnel				
Directors				
Fees	450	481	350	361
Other emoluments	6,140	7,861	-	-
Contributions to state plans	1,010	1,141	-	-
	7,600	9,483	350	361

The estimated monetary value of Directors' benefit-in-kind is RM85,533 (2016: RM96,297).

29. ACQUISITIONS OF A SUBSIDIARY

Thinkhouse Communications Sdn. Bhd. and Pelus Hidro Sdn. Bhd.

In January 2016, the Group completed the acquisition of the entire issued and paid-up share capital of Thinkhouse Communications Sdn. Bhd. ("TCSB") for a total cash consideration of RM16,150,000. TCSB is involved in investment holding and has a 70% equity interest in Pelus Hidro Sdn. Bhd. ("PHSB"). PHSB's principal activity is to own, operate and maintain a renewable energy power plant. For the 11 months period to 31 December 2016, TCSB and PHSB ("TCSB Group") has not contributed any revenue but incurred a loss of RM60,840. If the acquisition had occurred on 1 January 2016, management estimates that consolidated profit for the financial year would have been RM63,261,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	NOTE	GROUP 2016 RM'000
Fair value of consideration transferred		
Cash and cash equivalents		16,150
Identifiable assets acquired and liabilities assumed		
Concession assets	7	22,844
Other receivables		244
Other payables		(17)
Total identifiable net assets		23,071
Net cash outflow arising from acquisition of subsidiary		
Purchase consideration settled in cash and cash equivalents		16,150
Purchase consideration paid in prior year		(8,150)
		8,000
Goodwill		
No goodwill was recognised as a result of the acquisition as shown below:		
Total consideration transferred		16,150
Fair value of identifiable net assets		(23,071)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of the acquiree		6,921
Goodwill		-

30. SIGNIFICANT EVENTS

30.1 Debt settlement agreement

On 28 December 2017, the Group executed a debt settlement agreement with Emrail Sdn. Bhd., Kerian Hidro Sdn. Bhd. ("KHSB") and Kerian Energy Sdn. Bhd. ("KESB").

The settlement agreement involves the transfer of 90% equity interest in KESB ("KESB Shares"), a subsidiary of KHSB, to the Group. The KESB Shares will partially discharge the trade debt owing by Emrail Sdn. Bhd. to the Group.

The settlement agreement has not been completed as at year end.

30.2 Transfer of 1 Seri Merdeka Sdn. Bhd.

In March 2017, the Company transferred the entire equity interest in 1 Seri Merdeka Sdn. Bhd. to Water Engineering Technology Sdn. Bhd., pursuant to an internal restructuring exercise, for a total consideration of RM2.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 34 to 105 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

TENGKU SULAIMAN SHAH IBNI SULTAN ABDUL AZIZ SHAH
DIRECTOR

LOH CHOON QUAN
DIRECTOR

Kuala Lumpur,
Date: 11 June 2018

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, Loh Choon Quan, the Director primarily responsible for the financial management of LLC Berhad (formerly known as Loh & Loh Corporation Berhad), do solemnly and sincerely declare that the financial statements set out on pages 34 to 105 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Loh Choon Quan, NRIC: 760701-66-5067, at Kuala Lumpur, in the Federal Territory on 11 June 2018.

LOH CHOON QUAN

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LLC BERHAD
(formerly known as Loh & Loh Corporation Berhad)
(Company No. 389765-V)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of LLC Berhad (formerly known as Loh & Loh Corporation Berhad), which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 34 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' 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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LLC BERHAD
(formerly known as Loh & Loh Corporation Berhad)
(Company No. 389765-V)
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LLC BERHAD
(formerly known as Loh & Loh Corporation Berhad)
(Company No. 389765-V)
(Incorporated in Malaysia)

OTHER MATTERS

This report is made solely to the member of the Company 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.

KPMG PLT

(LLP0010081-LCA & AF 0758)
Chartered Accountants

LAM SHUH SIANG

Approval Number: 03045/02/2019 J
Chartered Accountant

Petaling Jaya,
Date: 11 June 2018

LIST OF PROPERTIES

AS AT 31 DECEMBER 2017

LOCATION	DESCRIPTION AND EXISTING USE	TENURE	AGE OF BUILDING (YEARS)	APPROXIMATE LAND AREA/UNITS	BUILT-UP AREA	CARRYING VALUE AS AT 31.12.2017 (RM'000)	DATE OF LAST VALUATION
LLC INFRA SDN BHD Grant 14428 Lot 47626 Grant 14429 Lot 47627 19 & 21, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480 Kuala Lumpur	Two units adjoining four storey shophouses use as office building	Freehold	26.5	298 sq m	1,163.12 sq m	7,200**	2015
Lot 3828 CT No.6177 Mukim Setul, District of Seremban, Negeri Sembilan	Storeyard & workshop	Freehold	n/a	11.0 acres	n/a	3,800**	2015
LLC PROPERTIES SDN BHD Lots 592,593,594,585,586,595,596 and 1327-1329, Mukim of Setul, District of Seremban, Negeri Sembilan	Vacant land	Freehold	n/a	30.993 acres	n/a	10,125**	2015
Unit No 1551, Awana Condominium, Genting Highlands, HS (D) 2078 PT No.2157/95 District of Bentong, Pahang	Vacant apartment	Freehold	26	1,258 sq ft	1,258 sq ft	380**	2015
Grant 14430 Lot 47628 23, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480 Kuala Lumpur	One unit four storey shophouses used as office building	Freehold	26.5	149 sq m	581,56 sq m	3,550**	2015
Grant 14431 Lot 47629 25, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480 Kuala Lumpur	One unit four storey shophouses used as office building	Freehold	26.5	149 sq m	581,56 sq m	3,550**	2015
WATER ENGINEERING TECHNOLOGY SDN BHD Geran 58854 Lot 64268 in Mukim Damansara, Daerah Petaling, Selangor 20, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor	3 storey semi-detached factory building for rent	Freehold	16.6	23,838 sq ft	25,112 sq ft	6,500**	2015

*** The properties were revalued by a registered valuer with Henry Butcher Malaysia Sdn. Bhd.. Valuation was made using comparison method on the basis of current market value.*

GROUP DIRECTORY

LLC BERHAD

LLC INFRA SDN BHD

LLC PROPERTIES SDN BHD

19, 21, 23 & 25 Jalan Sri Hartamas 7,
Taman Sri Hartamas,
50480 Kuala Lumpur, Malaysia.
Tel : +603 - 6201 3888, 6201 4777
Fax : +603 - 6201 2112, 6201 1010
Email: info@llc-bhd.com
Website: www.llc-bhd.com

WATER ENGINEERING TECHNOLOGY SDN BHD

WET SALES & SERVICES SDN BHD

WET O&M SDN BHD

1 SERI MERDEKA SDN BHD

20, Jalan Astaka U8/83,
Seksyen U8, Bukit Jelutong,
40150 Shah Alam, Selangor, Malaysia.
Tel : +603 - 7846 9888
Fax :+603 - 7846 8168
Email: wet@wetsb.com
Website: www.wetsb.com

NOTES

LLC BERHAD

(389765-V)

(Formerly known as Loh & Loh Corporation Berhad)

Wholly owned subsidiaries of LLC BERHAD

LLC INFRA

LLC INFRA SDN BHD

(17145-K)

(Formerly known as Loh & Loh Constructions Sdn Bhd)

Certificate Number SP003

MS ISO 9001: 2015 REG. NO. AR1025

WATER ENGINEERING TECHNOLOGY SDN BHD

(55314-K)

CERTIFIED TO ISO 9001:2015
CERT NO.:QMS 01141

CERTIFIED TO ISO 9001:2015
CERT NO.:QMS 01141

LLC PROPERTIES

LLC PROPERTIES SDN BHD

(137982-U)

(Formerly known as Loh & Loh Development Sdn Bhd)

www.llc-bhd.com

LLC BERHAD

(389765-V)