MAJUPERAK HOLDINGS BERHAD
(585389-X)

2018

ANNUAL REPORT

MAJUPERAK HOLDINGS BERHAD

(585389-X)

CONTENTS
2018 ANNUAL REPORT

	page
Notice of Annual General Meeting	[2]–[8]
Corporate Information	[9]–[10]
Corporate Structure	[11]
Board of Directors and Key Senior Management	[12]–[17]
Penyata Pengerusi	[18]–[21]
Chairman's Statement	[22]–[25]
Management's Discussion and Analysis	[26]–[29]
Statement on Sustainability	[30]–[35]
Statement on Risk Management and Internal Control	[36]–[40]
Corporate Governance Overview Statement	[41]–[55]
Audit Committee Report	[56]–[59]
Additional Compliance Information	[60]–[61]
List of Properties	[62]–[63]
Group Five Years Financial Highlights	[64]
Statistics on Shareholdings	[65]–[66]
Directors' Statement of Responsibility	[67]

REPORT & FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

Corporate Information	i
Report of the Directors	1-7
Statement by the Directors	8
Statutory Declaration	9
Independent Auditors' Report	10-14
Financial Statements	
Statements of Financial Position	15-16
Statements of Profit or Loss and Other Comprehensive Income	17
Consolidate Statement of Changes in Equity	18
Statements of Changes in Equity	19
Statements of Cash Flows	20-21
Notes to the Financial Statements	22-87
Request Form for printed version and Form of Proxy	last 4 pages

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth (16th) Annual General Meeting ("AGM") of Majuperak Holdings Berhad ("MHB" or "the Company") will be held at Casuarina Convention Centre 3, Casuarina @ Meru Hotel, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on **Wednesday, 26 June 2019 at 11.00a.m**.

AGENDA

As ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018, together with Directors' Reports and Auditors' Report thereon. **(Please refer to Note 2)**

2. To approve the payment of Directors' Fees of RM342,500 for the financial year ended 31 December 2018. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' benefits (excluding Directors' Fee) to Directors up to an amount of RM150,000 from 1 January 2019 until the next AGM of the Company to be held in year 2020. **(Ordinary Resolution 2)**

4. To re-elect the following Directors who were appointed during the year and retire in accordance with Article 91 of the Company's Articles of Association and being eligible, offer themselves for re-election:

   4.1 Encik Mohd Ariff Bin Yeop Ishak **(Ordinary Resolution 3)**

   4.2 Encik Mohamed Shafeii Bin Abdul Gaffoor **(Ordinary Resolution 4)**

   4.3 Y.B. Leong Cheok Keng **(Ordinary Resolution 5)**

   4.4 Encik Ahmad Najmi Bin Kamaruzaman **(Ordinary Resolution 6)**

   4.5 Encik Amran Bin Alang Ahmad **(Ordinary Resolution 7)**

   4.6 Encik Ir. Megat Shariffudin Bin Ibrahim **(Ordinary Resolution 8)**

   4.7 Y.B. Muhamad Arafat Bin Varisai Mahamad **(Ordinary Resolution 9)**

5. To re-appoint Messrs AljeffriDean as Auditors of the Company to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 10)**

AS **SPECIAL BUSINESS,** to consider and, if thought fit, pass the following Resolutions:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016** **(Ordinary Resolution 11)**

"That, subject to the Companies Act, 2016 and the Company's Articles and Association and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities"), Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act, 2016 to allot and issue shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the Annual General Meeting of the Company held next after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **(Ordinary Resolution 12)**

"That, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries shall be mandated to enter into the category of Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Item 2.1 of the Circular dated 30 April 2019 subject further to the following:

(i) the transactions are in the ordinary course of business and are on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) the Proposed Shareholders' Mandate shall apply in respect of the Recurrent Related Party Transactions to be entered into from 26 June 2019 to the next Annual General Meeting of the Company. The Proposed Shareholders' Mandate shall only continue to be in force until:

- the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed; or

- the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016; or
- revoked or varied by a resolution passed by the shareholders in general meeting before the next Annual General Meeting;

whichever is earlier.

And that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate.

Thereafter, approval from shareholders for a renewal of the recurrent related party transactions mandate will be sought at each subsequent Annual General Meeting of the Company; and

(iii) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year and in the annual report for the subsequent financial year during which the Proposed Shareholders' Mandate is in force based on the type of recurrent transactions made and the names of the related parties involved in each type of the recurrent transactions made and their relationship with the listed issuer, provided that such transactions are made on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company on an arm's length basis; and

(iv) the Directors and/or any of them be and are hereby authorised to complete and do such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. **PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY** **(Special Resolution)**

"That approval be and is hereby given for the Company to revoke its existing Memorandum and Articles of Association with immediate effect and in place thereof, the proposed new Constitution as set out in the Circular to Shareholders dated 30 April 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

FURTHER NOTICE IS HEREBY GIVEN THAT only members whose names appear on the Record of Depositors as at 17 June 2019 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

By Order of the Board

CHAN YOKE YIN (MAICSA 7043743)
CHAN EOI LENG (MAICSA 7030866)
Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
30 April 2019

NOTES:

1) PROXY

1.1 A member (other than an exempt authorised nominee) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies. The appointed proxy/proxies must be at least 18 years and above and may but need not be member/members of the Company.

1.2 Where a member appoints more than two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

1.3 Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds but the proportion of holdings to be represented by each proxy must be specified.

1.4 The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

1.5 The instrument appointing a proxy must be deposited with the Company Secretaries at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

Faxed or emailed copies are not acceptable.

1.6 For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original card of that other person.

1.7 Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of Sixteenth Annual General Meeting will be put to vote on a poll.

1.8 The registration for the above Meeting will commence on Wednesday, 26 June 2019 at 9.45a.m.

1.9 Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

2) AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Agenda 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 only requires the Audited Financial Statements to be laid before the Company at the Annual General Meeting and does not require shareholders' approval. Hence, Agenda 1 will not be put forward for voting.

3) DIRECTORS' FEES AND BENEFITS

Section 230(1) of the Companies Act, 2016 provides amongst others, that "fee" of the directors and "any benefits" payable to directors of a listed company shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for these payments in two separate resolutions as follows:

Payment of Directors' Fee to Directors

The Directors' Fee includes fee payable to the Chairman and members of the Board.

Based on the Remuneration Committee's recommendation, the Board decided that the Directors' fee in respect of the financial year ended 31 December 2018 in accordance with the proposed remuneration structure set out below:

<table>
<tr><th></th><th>Directors' Fees</th><th>Meeting Fees</th></tr>
<tr><td>Chairman</td><td>RM50,000/- per annum</td><td rowspan="2">RM1,000/- per day (regardless the number/ type of meetings attended per day)</td></tr>
<tr><td>Other Board Members</td><td>RM45,000/- per annum</td></tr>
</table>

Payment of Directors' Benefit (excluding Directors' Fee) to Directors' from 1 January 2019 until the next AGM in year 2020.

The Directors' Benefits (excluding Directors' Fee) comprise the allowance payable to the Chairman and members of the Board and are calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees.

4) RE-ELECTION OF DIRECTORS

Encik Mohd Ariff Bin Yeop Ishak, Encik Mohamed Shafeii Bin Abdul Gaffoor, Y.B. Leong Cheok Keng, Encik Ahmad Najmi Bin Kamaruzaman, Encik Amran Bin Alang Ahmad, Encik Ir. Megat Shariffudin Bin Ibrahim and Y.B. Muhamad Arafat Bin Varisai Mahamad are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this AGM.

The Board has via the Nomination Committee had conducted an assessment on their effectiveness and contributions of the said retiring Directors including their skills, experience and strength in qualities and time commitment, has recommended for them to be re-elected to the Board. The profile of the retiring Directors is set out in the Profile of Directors of the Annual Report 2018.

5) RE-APPOINTMENT OF EXTERNAL AUDITOR

The Audit Committee (“AC”) had on 28 February 2019 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams’ qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within MHB Group’s timeline by completing an assessment questionnaire. The AC in its assessment found Messrs. AljeffriDean to be sufficiently objective and independent.

The Board therefore approved the AC’s recommendation that the re-appointment of Messrs. AljeffriDean (“AljeffriDean”) as External Auditors of the Company for the financial year ending 31 December 2019 be put forward for shareholder’s approval at the AGM.

6) AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016

The Ordinary Resolution 11 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting (“AGM”) until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the number of issued share capital of the Company (“Share Mandate”). This Share Mandate is a renewal of the general mandate that was approved by shareholders at the preceding AGM held on 25 June 2018. There were no funds raised from the general mandate that was approved at the preceding AGM. The renewal of the general mandate is to provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an Extraordinary General Meeting (EGM) to approve such issuance of shares should be eliminated. The Company will have to seek shareholders’ approval at EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

7) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Ordinary Resolution 12 if passed, will enable the MHB Group to enter into any of the recurrent transactions of a revenue or trading nature which are necessary for the MHB Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. The details of the Proposal are set out in the Circular to the Shareholders dated 30 April 2019 circulated together with this Annual Report.

8) SPECIAL RESOLUTION - PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

The Special Resolution proposed under item 8, if passed, will bring the Company's Constitution in line with the Companies Act, 2016 and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 30 April 2019.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The details of Directors standing for re-election are set out in the Profile of Directors and the details of their interests in the securities of the Company are disclosed in this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mohamed Shafeii bin Abdul Gaffoor	*Chairman, Non-Independent, Non-Executive*
Mohd Ariff bin Yeop Ishak	*Managing Director cum Group Chief Executive Officer*
Y.B. Leong Cheok Keng	*Senior Independent, Non-Executive Director*
Amran Bin Alang Ahmad	*Independent, Non-Executive Director*
Ir. Megat Shariffudin Bin Ibrahim	*Independent, Non-Executive Director*
Y.B. Muhamad Arafat Bin Varisai Mahamad	*Independent, Non-Executive Director*
Ahmad Najmi Bin Kamaruzaman	*Independent, Non-Executive Director*

AUDIT COMMITTEE

Y.B. Leong Cheok Keng	*Chairman, Senior Independent, Non-Executive Director*
Amran Bin Alang Ahmad	*Independent, Non-Executive Director*
Ahmad Najmi Bin Kamaruzaman	*Independent, Non-Executive Director*
Ir. Megat Shariffudin Bin Ibrahim	*Independent, Non-Executive Director*

NOMINATION COMMITTEE

Ahmad Najmi Bin Kamaruzaman	*Chairman, Independent, Non-Executive Director*
Y.B. Muhamad Arafat Bin Varisai Mahamad	*Independent, Non-Executive Director*
Ir. Megat Shariffudin Bin Ibrahim	*Independent, Non-Executive Director*

RISK MANAGEMENT COMMITTEE

Ir. Megat Shariffudin Bin Ibrahim	*Chairman, Independent, Non-Executive Director*
Amran Bin Alang Ahmad	*Independent, Non-Executive Director*
Mohamed Shafeii bin Abdul Gaffoor	*Independent, Non-Executive Director*

REMUNERATION COMMITTEE

Amran bin Alang Ahmad	*Chairman, Independent, Non-Executive Director*
Y.B. Leong Cheok Keng	*Senior Independent, Non-Executive Director*
Mohamed Shafeii bin Abdul Gaffoor	*Non-Independent, Non-Executive Director*

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENT

Mohd Ariff bin Yeop Ishak (Managing Director cum Group Chief Executive Officer)
Ahmad Al Hadi bin Abdul Khalid (Group Chief Financial Officer)

MANAGEMENT TEAM

Mohd Ariff bin Yeop Ishak (Managing Director cum Group Chief Executive Officer)
Ahmad Al Hadi bin Abdul Khalid (Group Chief Financial Officer)
Abd Karim Nast bin Mohd Alias (General Manager, Land & Assets Management)
Ku Adenan bin Ku Ismail (General Manager, Property Development & Infrastructure)

REGISTERED OFFICE

55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan
Tel: (05) 5474 833
Fax: (05) 5474 363

PRINCIPAL PLACE OF BUSINESS

No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh
Perak Darul Ridzuan
Tel: (05) 5019 888 / 5019 588
Fax: (05) 5290 188
Email: info@majuperak.com.my
Website: www.majuperak.com.my

COMPANY SECRETARIES

Chan Yoke Yin (MAICSA 7043743)
Chan Eoi Leng (MAICSA 7030866)

AUDITORS

AljeffriDean (AF 1366)
Chartered Accountants (Malaysia)
No.1A, Jalan Meru Utama A1
Medan Meru Utama
30020 Ipoh
Perak Darul Ridzuan

PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad
Bank Islam Malaysia Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd (378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7849 0777 (Helpdesk)
Fax: (03) 7841 8151
Email: BSR.Helpdesk@boardroomlimited.com
Website: www.boardroomlimited.com

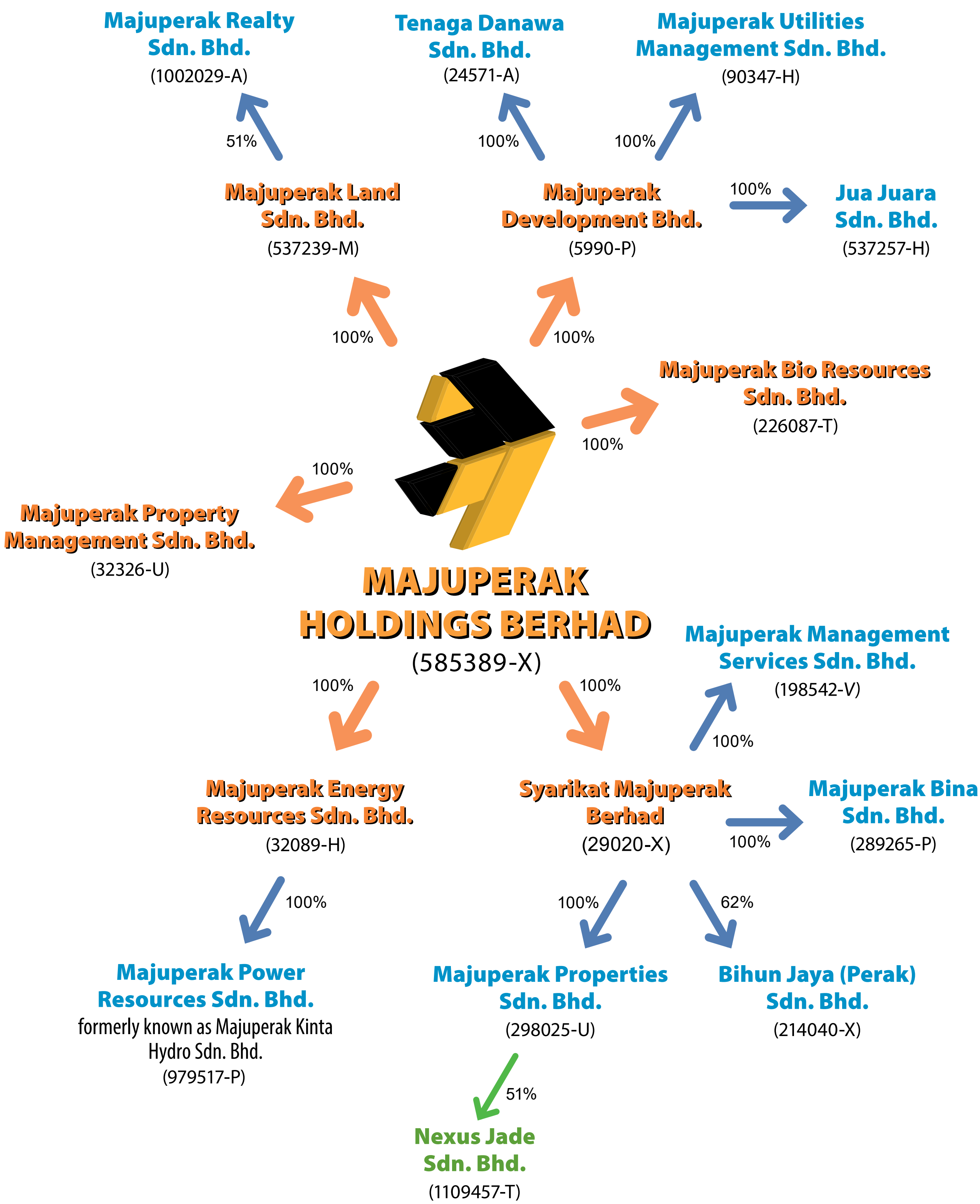
SOLICITORS

Messrs. Izhar Hj Saidin & Co
Messrs. Lokman Reena & Co
Messrs. Mior & Associates.
Messrs. Awi & Co.
Messrs. Sabri & Co.

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 8141
Stock Short Name: MJPERAK

CORPORATE STRUCTURE



MOHAMED SHAFEII BIN ABDUL GAFFOOR

Non-Independent, Non-Executive Chairman
Male, Malaysian, aged 56

Date of Appointment:
26 June 2018 as Non-Independent Non-Executive Director
1 March 2019 as Non-Independent Non-Executive Chairman

Length of Service (as at 30 April 2019): 10 months

Date of Last Re-appointment: N/A

Academic/Professional Qualifications:
- Masters of Business Administration (Oil & Gas Management) (University of Dundee, United Kingdom)
- Bachelor of Arts (Hons) CA Studies / Econ Option (University of Waterloo, Canada)

Other Directorships in Public Companies and Listed Issuers:
- Perak Corporation Berhad
- Kossan Rubber Industries Bhd
- Perak Corp Nature Foundation

Present Appointment:
- Group Chief Executive Officer, Perak Corporation Berhad

Past Directorships and/or Appointments:
- Economist - Bank Negara Malaysia
- Auditor, Ernst & Young Malaysia
- Manager, Shapadu Corporation Sdn Bhd
- Managing Director, Desa Pachi Consultancy Sdn Bhd
- Managing Director, Westmont Industries Bhd/Sabah Shipyard Sdn Bhd
- Managing Director, Ipco International Ltd
- Director, Xian Leng Holdings Berhad

Board Committee Memberships:
- Risk Management Committee
- Remuneration Committee

Family Relationship/Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

Board Meetings Attended: 4 of 4

MOHD ARIFF BIN YEOP ISHAK
Managing Director cum
Group Chief Executive Officer
Male, Malaysian, aged 55

Date of Appointment:
26 June 2018 as Non-Independent Non-Executive Director
28 August 2018 as Executive Chairman
1 March 2019 ceased as Executive Chairman
and was appointed as Managing Director
cum Group Chief Executive Officer

Length of Service (as at 30 April 2019): 10 months

Date of Last Re-appointment: N/A

Academic/Professional Qualifications:
- Diploma in Town and Regional Planning (University of Technology MARA, Shah Alam, Selangor)
- Advanced Diploma in Perancangan Bandar dan Wilayah (University of Technology MARA, Shah Alam, Selangor)

Other Directorships in Public Companies and Listed Issuers:
- Perak Corporation Berhad
- Perak Corp Nature Foundation

Present Appointment:
- Chief Executive, Perbadanan Kemajuan Negeri Perak

Past Directorships and/or Appointments:
- Pegawai Perancang Bandar - Majlis Perbandaran Manjung
- Pegawai Perancang Bandar - Majlis Daerah Kinta Barat
- Pegawai Perancang Bandar - Majlis Bandaraya Ipoh (MBI)

Board Committee Membership:
- Press Release Committee

Family Relationship/Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

Board Meetings Attended: 3 of 4

Y.B. LEONG CHEOK KENG
Senior Independent, Non-Executive Director
Male, Malaysian, aged 51

Date of Appointment: 10 August 2018
Length of Service (as at 30 April 2019): 8 months
Date of Last Re-appointment: N/A
Academic/Professional Qualifications:
- Bachelor of Accountancy (First Class Honours); National University of Singapore
- Qualifying Board Certificate of Legal Practice
- Bachelor of Laws (First Class Honours); University of Leeds, United Kingdom
- GCE 'A' Levels; Hwa Chong Junior College, Singapore
- GCE 'O' Levels; Anglican High School, Singapore

Other Directorship in Public Companies and Listed Issuers: Nil
Present Appointment:
- Advocate and solicitor and is a partner of Leong & Tan, Advocates & Solicitors, Ipoh
- State Assemblyman for Malim Nawar
- Chairman of Public Accounts Committee, Perak

Past Directorships and/or Appointments:
- Legal Assistant in Messrs. Raja Darryl & Loh and Rashid & Lee
- Pupil in Messrs. Zain & Co.
- Trainee in the Audit Department, Deloitte, Haskin and Sells, Singapore
- Tutor in Tort and Trusts, Brickfields College
- Project Executive, Emesco Sdn Bhd

Board Committee Memberships:
- Audit Committee
- Remuneration Committee

Family Relationship / Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.
Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.
Board Meetings Attended: 4 of 4

AMRAN BIN ALANG AHMAD
Independent, Non-Executive Director
Male, Malaysian, aged 48

Date of Appointment: 10 August 2018
Length of Service (as at 30 April 2019): 8 months
Date of Last Re-appointment: N/A
Academic/Professional Qualification:
- Bachelor of Science (Chemistry Industrial) (Universiti Teknologi Malaysia (UTM), Skudai)

Other Directorship in Public Companies and Listed Issuers: Nil
Present Appointments:
- Quality and Safety Department Manager, G.B. Kuari Sdn Bhd
- Member of the Advisory Board of the Civil Engineering Industry of Polytechnic Ungku Omar, Ipoh, Perak
- Member of Industry Advisory Board of Polytechnic Sultan Azlan Shah, Behrang, Perak
- PPBM - Kampar PPBM Head cum treasurer of PPBM, Perak
- Member of Political Bureau of PPBM, Perak

Past Directorships and/or Appointments:
- Deputy Chairman of PERKASA, Kampar
- Timbalan Yang Dipertua of Mimbar Permufakatan IbuBapa (MAPIM), Kampar Vice Chairman of MAPIM, Perak
- Economic Exco of PERKASA, Perak
- Member of Children Welfare Committee, Kampar
- Chairman of Gerakan Belia 4B, Kampar
- Deputy Chairman of Kampar Youth Council
- Exco of Kelab Usahawan Perkampungan Pelajar Resak

Board Committee Memberships:
- Audit Committee
- Risk Management Committee
- Remuneration Committee

Family Relationship/Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.
Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.
Board Meetings Attended: 4 of 4

AHMAD NAJMI BIN KAMARUZAMAN

Independent, Non-Executive Director
Male, Malaysian, aged 38

Date of Appointment: 10 August 2018
Length of Service (as at 30 April 2019): 8 months
Date of Last Re-appointment: N/A
Academic/Professional Qualifications:
- Masters of Business Administration (AMBA Accredited) (University of Portsmouth)
- Bachelor of Business Administration (Second Class Upper) (International Islamic University of Malaysia)

Other Directorships in Public Companies and Listed Issuers: Nil
Present Appointments:
- Managing Director, Green Pluslink Sdn Bhd
- Team Leader, Dayatahan Group of Companies

Past Directorships and/or Appointments:
- Acting Chief Executive Officer, Integrated Container Terminal
- Executive (Credit Monitoring Department), Export-Import Bank of Malaysia Berhad (Exim Bank)
- Executive (Corporate Communications Department), Export-Import Bank of Malaysia Berhad (Exim Bank)
- Document Analyst (PLB Trade Department), Scope International (Standard Chartered)

Board Committee Memberships:
- Audit Committee
- Nomination Committee

Family Relationship/Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.
Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.
Board Meetings Attended: 4 of 4

IR. MEGAT SHARIFFUDIN BIN IBRAHIM

Independent, Non-Executive Director
Male, Malaysian, aged 53

Date of Appointment: 10 August 2018
Length of Service (as at 30 April 2019): 8 months
Date of Last Re-appointment: N/A
Academic/Professional Qualifications:
- Bachelor of Science in Electrical Engineering (Syracuse University, New York)
- Registered with the Board of Engineers Malaysia as a Professional Engineer
- Member of the Institute of Engineers, Malaysia
- Competent Electrical Engineer

Other Directorship in Public Companies and Listed Issuers: Nil
Present Appointments:
- Timbalan Pengerusi Amanah Bukit Gantang, Taiping, Perak
- Naib Pengerusi Pakatan Harapan Bukit Gantang, Taiping, Perak
- Member of Parti Amanah Negeri Perak
- Penyelaras Dewan Undangan Negeri Kerajaan Negeri Perak

Past Directorship and/or Appointment:
- 28 years of working experience in electrical engineering

Board Committee Memberships:
- Audit Committee
- Risk Management Committee
- Nomination Committee

Family Relationship/Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.
Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.
Board Meetings Attended: 4 of 4

Y.B. MUHAMAD ARAFAT BIN VARISAI MAHAMAD
Independent, Non-Executive Director
Male, Malaysian, aged 35

Date of Appointment: 10 August 2018
Length of Service (as at 30 April 2019): 8 months
Date of Last Re-appointment: N/A
Academic/Professional Qualification:
- Diploma in Information Technology

Other Directorship in Public Companies and Listed Issuers: Nil
Present Appointments:
- Ahli Dewan Undangan Negeri Perak Darul Ridzuan
- Ketua Cabang (Bahagian) Tambun, Perak

Past Directorship and/or Appointment: Nil
Board Committee Membership:
- Nomination Committee

Family Relationship/Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.
Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.
Board Meetings Attended: 3 of 4

KEY SENIOR MANAGEMENT

MOHD ARIFF BIN YEOP ISHAK
Managing Director cum Group Chief Executive Officer
Male, Malaysian, aged 55
Refer to the Profile of Directors on page [13].

AHMAD AL-HADI BIN ABDUL KHALID
Group Chief Financial Officer
Male, Malaysian, aged 55

Date of Appointment: 27 August 2018
Academic/Professional Qualification:
ACCA (UK) Chartered Accountant, Malaysia (MIA Member)
Present Appointment: Nil
Directorship in Public Companies and Listed Issuer: Nil
Working Experience:
- Chief Operations Officer of Dakna Travel & Tours Sdn Bhd (Dec 2012 – Nov 2013)
- Manager, Corporate Finance & Accounts of Tricubes Berhad (March 2010 – Nov 2012)
- Chief Financial Officer of Ode Solution Associates Sdn Bhd (OSA) (Nov 2008 – March 2010)
- Vice President of Codegen Technologies Sdn Bhd (Aug 2005 – Oct 2008)
- General Manager of Advance Interactive Digital Sdn Bhd (Aidigital) (Oct 2004 – July 2005)
- Consultant (Freelance on project basis) of Messrs. Abdul Raji & Co. (Aug 2003 – Sept 2004)
- General Manager (Operations) of OICnetworks Sdn Bhd (Dec 2000 – July 2003)
- Manager (Finance) of EPNCR (M) Sdn Bhd (KL) (Aug 1999 – July 2000)
- Accountant of Edaran Positif (M) Sdn Bhd, Shah Alam (Aug 1997 – Apr 1999)
- Vice President of Capitalcorp Securities Sdn Bhd, (KL) (Jan 1993 – Aug 1997)
- Executive (Management Accounting) of Celcom Sdn Bhd (Dec 1989 – Dec 1992)
- Accountant of Pasdec Berhad, Pahang (1987 – 1989)
- Audit Assistant of Kassim Chan & Co., Kuala Lumpur (1987 (6 months))

Family Relationship/Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.
Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

ABD KARIM NAST BIN MOHD ALIAS
General Manager of Land & Assets Management
Male, Malaysian, aged 58

Date of Appointment: 1 October 2018
Academic/Professional Qualifications:
- Member of Malaysian Institute of Accountants
- Bachelor in Accountancy (Hons) UiTM
- Diploma in Accountancy UiTM

Present Appointment:
- Chairman, Koperasi Perbadanan Perak Berhad

Directorships in Public Companies & Listed Issuer: Nil
Working Experience:
- Senior Director of Housing Development, Perbadanan Kemajuan Negeri Perak (PKNP) from 2014 - 2018
- Chief Executive Officer of MHB from 2012 - 2014
- Group General Manager, Account & Finance of MHB from 2007 - 2012
- Account Manager, of PKNP from 1999 - 2007
- Sub Accountant of PKNP from 1991 – 1999

Family Relationship/Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.
Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

IR. KU ADENAN BIN KU ISMAIL
General Manager, Property Development & Infrastructure
Male, Malaysian, aged 52

Date of Appointment: 2 May 2018
Academic/Professional Qualifications):
- Bachelor Degree (Hons) in Civil Engineering
- Master Science in Construction Management
- Corporate Member, Institution of Engineers Malaysia
- Professional Engineer, Board of Engineers Malaysia
- Member of Project Management Institute (PMI)

Present Appointment: Nil
Directorship in Public Companies and Listed Issuer: Nil
Working experience:
- General Manager, Majuperak Holdings Berhad. (May 2018 to present)
- Resident Engineer, ATZ Consult Sdn. Bhd. (Jan 2017 to April 2018)
- Project Manager, KBR Inc. (Kellogg Brown & Root), Qatar. (May 2013 to Dec 2016)
- Senior Manager, Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) (Feb 2013 to April 2013)
- Deputy Senior Manager, Opus International (M) Berhad (June 2011 to January 2013)
- Project Manager, Ministry of Works, Bahrain (Sept. 2007 to May 2011)
- Assistant Resident Engineer, HSS Engineering Sdn. Bhd. (Oct 2006 to August 2007)
- Construction Manager, Ahmad Zaki Sdn. Bhd. (April 2004 to Sept 2006)
- Project Manager, Lankhorst Berhad (Oct 2001 to March 2004)
- Design Engineer, Pilecon Engineering Berhad (August 1996 to Sept 2001)

Family Relationship/Conflict of Interest:
He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.
Conviction of Offences:
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

Pemegang Saham yang dihormati,

Dengan nama Allah SWT, Yang Maha Pengasih, Yang Maha Pemurah.
Assalamualaikum Warahmatullahi Wabarakatuh.

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan 2018 dan Penyata Kewangan yang Diaudit bagi Kumpulan dan Syarikat bagi Tahun Kewangan berakhir 31hb Disember 2018.

TINJAUAN KEWANGAN

Kumpulan Majuperak Holdings Berhad ("Kumpulan") mencatatkan perolehan yang lebih tinggi sebanyak RM26.58 juta bagi tahun kewangan semasa berbanding dengan jumlah perolehan sebanyak RM11.3 juta yang dilaporkan pada tahun sebelumnya berikutan jumlah jualan tanah yang lebih tinggi dicatatkan pada tahun 2018. Penjualan tanah merupakan penyumbang utama kepada pendapatan Kumpulan pada tahun 2018 dengan menyumbang RM18.29 juta atau 69% daripada jumlah pendapatan Kumpulan (Tahun Kewangan ["TK"] 2017: RM0.67 juta, 6%). Penyumbang pendapatan lain yang signifikan termasuklah pendapatan dari sewa, tenaga boleh diperbaharui dan perniagaan '*merchandising'*.

Kumpulan telah mencatatkan keuntungan sebelum cukai sebanyak RM4.33 juta bagi tahun kewangan semasa berbanding dengan kerugian sebelum cukai sebanyak RM10.5 juta pada tahun kewangan sebelumnya. Sukacita dimaklumkan perbelanjaan operasi Kumpulan telah menurun sebanyak 19% berbanding tahun sebelumnya. Setakat 31 Disember 2018, Kumpulan mempunyai tunai dan baki bank sebanyak RM5.76 juta.

Kumpulan akan terus memberi tumpuan kepada perniagaan teras yang sedia ada iaitu Tenaga Boleh Baharu, Infrastruktur, Pembangunan Hartanah dan Perniagaan Hartanah dengan memanfaatkan pembangunan berterusan tanah yang sedia ada bagi menjamin kelestarian keuntungan Kumpulan pada masa akan datang. Kumpulan juga akan meninjau peluang baru bagi mencapai Visi Kumpulan untuk menjadi peneraju perniagaan dalam Pembangunan Hijau & Alam Sekitar.

Pada 31 Disember 2018, aset bersih sesaham Kumpulan berjumlah RM0.70 berbanding RM0.69 pada tahun sebelumnya.

TINJAUAN OPERASI

Segmen Harta

Pada tahun semasa, segmen hartanah telah mencapai pendapatan sebanyak RM21.78 juta (2017: RM3.01 juta), terutamanya diperoleh daripada aktiviti sewa dan penjualan tanah dalam Kumpulan. RM16.30 juta yang diperolehi daripada penyempurnaan penjualan tanah Tanjong Tualang adalah penyumbang utama kenaikan pendapatan. Kumpulan juga memiliki dan menguruskan Bangunan Wisma Maju Perak dan Kompleks Silveritage Galleria yang menyumbang sumber pendapatan sewaan yang konsisten.

Kompleks Silveritage Galleria

Pembangunan semula Kompleks Silveritage Galleria (“KSG”) telah siap pada 17 Mac 2017 dan mula beroperasi pada bulan Januari 2018 dengan jumlah kawasan yang boleh disewa sebanyak 110 lot, terdiri daripada 27 lot runcit, 45 lot bazaar, 6 sudut lot gajet, 8 lot F & B, 20 lot di medan selera dan 4 lot gerai buah. Sehingga kini sejumlah 88% lot yang telah disewa.

KSG menawarkan kombinasi kedai runcit dan makanan dan minuman yang mempromosikan hasil, produk dan masakan tempatan. Pada dasarnya ia merupakan pusat pelancongan komersil untuk usahawan tempatan menjual produk mereka dan ia akan menjadi pusat sehenti pelbagai, bukan hanya seni, kraftangan dan produk. Kumpulan akan meningkatkan promosi, acara dan aktiviti untuk memenuhi keperluan pelanggan di samping meningkatkan jualan serta hasil Kumpulan.

Tenaga Boleh Diperbaharui (Renewable Energy)

Majuperak Energy Resources Sdn Bhd (“MERSB”) adalah sebuah anak syarikat milikan penuh. MERSB memiliki dan menguruskan loji janakuasa solar yang terletak di Keramat Pulai, Simpang Pulai, Perak. Semasa TK 2018, segmen tenaga boleh diperbaharui mencatatkan pendapatan sebanyak RM2.43 juta (2017: RM1.31 juta) dan menjana sekitar 1,498 megawatts (“MW”) (2017: 1,900 MW) yang menyumbangkan 9% daripada jumlah pendapatan Kumpulan. Pendapatan ini merangkumi pendapatan dari loji janakuasa solar (RM1.05 juta [2017: RM1.31 juta]), pendapatan penyelenggaraan dari MP Solar (RM0.90 juta) dan pendapatan dari sewaan/pajakan tanah (RM0.48 juta). Punca utama penurunan dalam pendapatan dari loji janakuasa solar adalah kadar hari cerah yang direkodkan adalah rendah di kawasan loji janakuasa Keramat Pulai sepanjang tahun. Pada masa ini, Pengurusan sedang mengenal pasti tapak-tapak yang sesuai untuk biomas dan solar photovoltaic berskala besar di dalam dan luar negeri Perak untuk mengukuhkan lagi kedudukan dalam sektor tenaga.

Perniagaan ‘*Merchandising*’

Perniagaan ‘*Merchandising’* (barangan dagangan) dibawah pengurusan Nexus Jade Sdn Bhd (“NJSB”) menyumbang pendapatan kepada Kumpulan sebanyak RM1.30 juta berbanding RM5.17 juta dicatatkan pada tahun sebelum. Ini adalah disebabkan NJSB tidak lagi menjadi pembekal tunggal untuk semua barangan yang dijual di Movie Animation Park Studios (“MAPS”). Walaupun mencatatkan penurunan pendapatan sebanyak 75% pada tahun 2018, kami percaya perniagaan ini dijangka akan menjadi salah satu penyumbang utama kepada keuntungan keseluruhan di mana NJSB telah memperhebatkan kempen pengiklanan dan promosi dengan menumpukan terhadap strategi pemasaran inovatif dalam usaha untuk mencapai keuntungan yang diingini kepada Kumpulan.

Sumber Manusia

Kumpulan MHB sentiasa mengiktiraf modal insan sebagai aset penting bagi syarikat. Bagi memastikan Kumpulan mempunyai tenaga kerja yang mencukupi untuk menyokong Pelan Strategik Perniagaan Syarikat bagi tahun 2018, Kumpulan telah berhemat dalam menjalankan pengambilan pekerja dan akan terus melakukannya. Untuk pembangunan pekerja yang berterusan, latihan adalah salah satu aspek yang paling penting dalam Kumpulan MHB.

Kumpulan juga berdedikasi untuk terus memberi tumpuan kepada pelaksanaan Penilaian Berasaskan Kecekapan untuk pekerja peringkat Eksekutif pada tahun 2018. Kecekapan ini akan digunakan sebagai garis panduan untuk mengukur serta mengenal pasti kemahiran dan jurang kecekapan dengan lebih cekap dan berkesan dengan menyediakan program latihan profesional dan menyesuaikan program latihan berdasarkan rancangan pembangunan individu.

Saya percaya bahawa dengan membantu pekerja kami merealisasikan potensi penuh mereka, mereka juga boleh membantu kami mencapai aspirasi korporat Kumpulan MHB, menjadikan Kumpulan sebagai tempat yang ideal untuk menarik individu berbakat untuk membina kerjaya mereka.

DIVIDEN

Lembaga Pengarah tidak mencadangkan pembayaran dividen untuk tahun kewangan berakhir 31 Disember 2018.

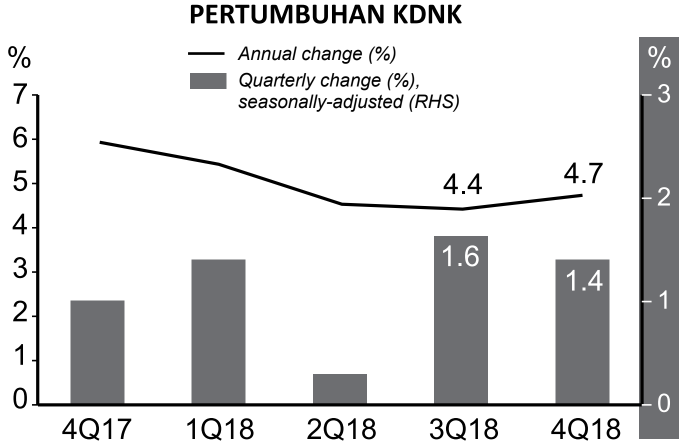
TINJAUAN DAN PROSPEK

Malaysia mengalami pertumbuhan yang kukuh dalam Keluaran Dalam Negara Kasar ("KDNK") sebanyak 4.7% menjelang akhir tahun 2018 walaupun volatiliti pasaran yang tinggi disebabkan oleh Pilihan Raya Umum yang lalu.

Ekonomi Malaysia diunjur akan berkembang pada kadar yang lebih perlahan pada tahun 2019 tetapi masih mengekalkan pertumbuhan sebanyak 4.5% dan akan berbeza-beza bergantung kepada hasil perbincangan perdagangan AS-China memandangkan kedua negara tersebut merupakan rakan dagangan utama Malaysia.

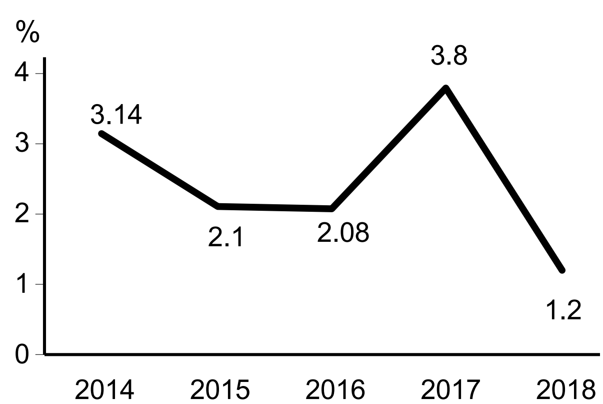
Kadar inflasi pula menurun kepada 1.2% pada tahun 2018 (2017: 3.8%) dan dijangka meningkat kepada 2.3% pada tahun 2019. Sementara itu, kenaikan harga minyak, kenaikan harga dan tarikan permintaan, serta peningkatan gaji minimum baru-baru ini merupkaan antara faktor yang menyumbangkan kepada inflasi.

PERTUMBUHAN KDNK



Sumber: Jabatan Statistik Malaysia

KADAR INFLASI 5 TAHUN



Sumber: Bank Dunia (2018)

Sepanjang tahun, kepelbagaian pendapatan dari perniagaan telah menyediakan Kumpulan dengan pelbagai portfolio perniagaan dan keupayaan untuk menembusi pasaran baru. Ini membawa kepada idea-idea untuk menembusi pasaran perniagaan strategik dan infrastruktur sebagai satu kaedah untuk mempelbagaikan output perniagaan.

Dengan strategi ini, Kumpulan adalah optimistik mengenai prospek jangka panjang dan yakin dalam merealisasikan potensi pelaburan yang dibuat setakat ini.

PENGHARGAAN

Di pertengahan tahun 2018, Kumpulan MHB telah melaksanakan penstrukturan korporat di mana terdapat perubahan dalam Lembaga Pengarah dan Pihak Pengurusan. Melangkah ke hadapan, Kumpulan akan berusaha untuk menjadi peneraju dalam Pembangunan Hijau dan Alam Sekitar, dan dalam mengukuhkan perniagaan teras kami, kami juga akan mempelbagaikan asas pendapatan dan sumber pendapatan kami.

Bagi pihak Lembaga, saya ingin merakamkan penghargaan kepada rakan-rakan sejawat ahli Lembaga Pengarah, Pihak Pengurusan dan staf atas komitmen berterusan dan sumbangan berharga kepada Kumpulan. Kami juga ingin mengucapkan terima kasih kepada semua pelanggan, pembekal, rakan kongsi perniagaan, bank dan agensi kerajaan yang lain atas sokongan dan keyakinan mereka terhadap Kumpulan MHB.

Akhir sekali, saya menyimpulkan ulasan tahun ini dan kami menjangkakan untuk 2019, Kumpulan ini mampu dipacu ke tahap yang lebih tinggi.

Terima kasih dan salam hormat dari kami.

Mohamed Shafeii Bin Abdul Gaffoor
Pengerusi

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the name of Allah, the Most Compassionate, the Most Merciful.
Assalamualaikum Warahmatullahi Wabarakatuh.

On behalf of the Board of Directors, I am pleased to present the 2018 Annual Report and Audited Financial Statements of the Group and the Company for the Financial Year ended 31st December 2018.

FINANCIAL REVIEW

The Group registered a higher revenue of RM26.58 million for the financial year under review as compared to a revenue of RM11.3 million reported in the previous year due to higher land sales recorded in 2018. Land sales have emerged as the major contributor to the Group's revenue in 2018 by contributing RM18.29 million or 69% of the Group's total revenue (FYE 2017: RM0.67 million, 6%). Other significant revenue contributor includes rental income, renewable energy and merchandise business.

The Group registered a pre-tax profit of RM4.33 million for the financial year under review compared to a pre-tax loss of RM10.5 million in the previous financial year. We like to note that the Group operating expenditure has also reduced by 19% compared to previous year. To this end, the Group has cash and bank balances of RM5.76 million as at 31 December 2018.

The Group will continue to focus on its existing core businesses namely Renewable Energy, Infrastructure, Property Development and Realty Businesses by leveraging on the continuous development of its existing land banks and properties that would ensure sustainability of the Group's future profits. The Group will also look into new opportunities to achieve its vision to be the business leader in Green & Eco Development.

As at 31 December 2018, the Group's net asset per share stood at RM0.70 compared to previous years' RM0.69.

OPERATIONAL REVIEW

Property & Realty Segment

In the year under review, the property segment has achieved RM21.78 million revenue (2017: RM3.01 million), mainly derived from sale of land and rental activities within the Group. RM16.30 million derived from the completion of land sales in Tanjong Tualang is the main reason for the increase in revenue. The Group also owns and manages Wisma Maju Perak and Silveritage Galleria Complex which contributes a consistent source of rental income.

Silveritage Galleria Complex

The redevelopment of Silveritage Galleria Complex ("SGC") has been completed on 17 March 2017 and has started operation in January 2018 with a total lettable area of 110 lots, comprising of 27 retail lots, 45 bazaar lots, 6 gadget corner lots, 8 food & beverages lots, 20 food court lots and 4 fruit stall lots. The occupancy rate to-date is at 88%. This property now offers an exciting mix of retail and food and beverages outlets that promote local produce, products and cuisines. It is in essence a commercial tourist hub for local entrepreneurs to sell their products and it will be a one-stop centre of sorts, not just arts, handicrafts and products. The Group will increase promotions, events and activities to satisfy our customers' needs and help increase sales.

Renewable Energy

Majuperak Energy Resources Sdn Bhd ("MERSB") is a wholly owned subsidiary of the Company. MERSB owns and operates a solar farm located in Keramat Pulai, Simpang Pulai, Perak. During FYE 2018, the renewable energy segment recorded RM2.43 million revenue (2017:RM1.31 million) and generated around 1,498 megawatts ("MW") (2017:1,900 MW) which contributed 4% of the Group's total revenue. The revenue consists of solar power plant revenue (RM1.05 million [2017: RM1.31 million]), maintenance income from MP Solar (RM0.90 million) and land rental/lease income (RM0.48 million). The reduction in solar power plant revenue was mainly due to lower sunny days recorded in the solar farm in the area of Keramat Pulai throughout the year. Currently, the management is identifying suitable sites for Biomass and Large Scale Solar Photovoltaic Plants within the Perak state and other states so as to establish a strong foothold in the energy sector.

Merchandising Business

The merchandising business through Nexus Jade Sdn Bhd ("NJSB") contributed a lower revenue of RM1.30 million to the Group compared to RM5.17 million in previous year. This is mainly due to fact that NJSB is no longer the sole supplier for all merchandise items retailed at the Movie Animation Park Studios ("MAPS"). Despite recording a 75% decrease in its revenue in 2018, we believe this business is set to become a steady contributor to the Group's overall profitability where NJSB has intensified its advertising and promotion campaigns with strong focus on its innovative marketing strategy in striving to achieve the desired profit to the Group.

Human Resources

The MHB Group has always recognized its human capital as an important asset for the company. In order to ensure the Group has adequate workforce to support the Company's strategies for the year 2018, the Group has been prudent and remain to do so in its recruitment exercise. For continuous employees' development, training is one of the most important facets in MHB Group.

The Group also has been dedicated to continue to focus on the implementation of Competency Based Assessment for the Executive level employees in 2018. These competencies will be used as a guideline to measure as well as identify skills and competency gaps more efficiently and effectively by providing professional and customize training programs based on the individual development plan.

I believe that by helping our employees realise their full potential, they in turn, can help achieve MHB Group's corporate aspiration, making the Group an ideal place to attract talented individuals to build their careers.

DIVIDEND

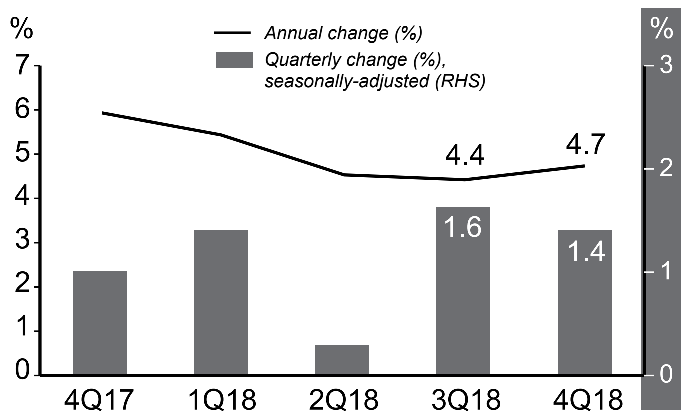
The Board does not recommend the payment of dividend in respect of the financial year ended 31 December 2018.

OUTLOOK AND PROSPECTS

Malaysia experienced a steady growth in Gross Domestic Product ("GDP") of 4.7% by the end of 2018 despite high market volatility due to the General Election. It is projected that Malaysian economy will slow down in 2019 but still maintaining a growth of 4.5% and will vary depending on the outcome of the US-China trade talk as both countries are Malaysia's major trading partner.

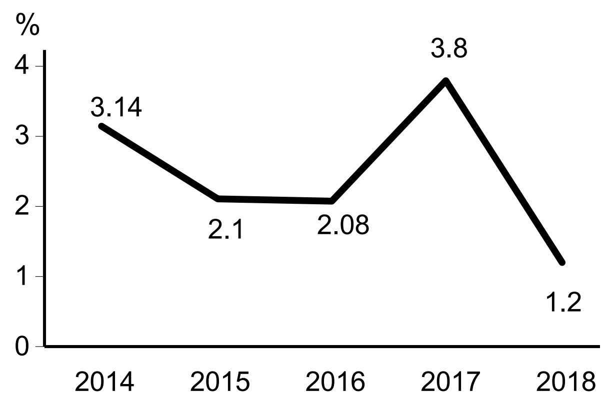
Inflation rate, on the other hand, decreased to 1.2% in 2018 (2017:3.8%) and is expected to rise to 2.3% in 2019. Meanwhile, possible rise in oil price, cost push and demand pull, as well as the recent increase in minimum wages are among contributing factors behind inflation.

REAL GDP GROWTH



Source: Department of Statistics Malaysia

5 YEARS INFLATION RATE



Source: World Bank (2018)

Throughout the years, the diversification of revenue-based business has provided the Group with diverse portfolios and ability to manoeuvre into new ventures. This leads to ideas to penetrate into strategic business and infrastructure market as means to further vary the business output.

With these strategies in place, the Group is optimistic about the long-term prospects and are confident in realizing the potential of investments made so far.

ACKNOWLEDGEMENTS

Midyear throughout 2018, MHB Group underwent a corporate restructuring where there were changes in the boardroom and key senior management. Moving forward, the Group will strive to become a leader in Green and Eco Development, and while we strengthen our core businesses, we will also diversify our revenue base and sources of income.

On behalf of the Board, I would like to extend our gratitude and appreciation to my fellow Board members, the management and staff for their continuous commitment and valuable contributions to the Group. We also like to thank all our valued customers, suppliers, business partners, bankers and the respective government authorities for their support and confidence in MHB Group.

On that note, I conclude this year's review and we look forward to 2019, to drive the Group to greater heights.

Thank you and our warmest regards.

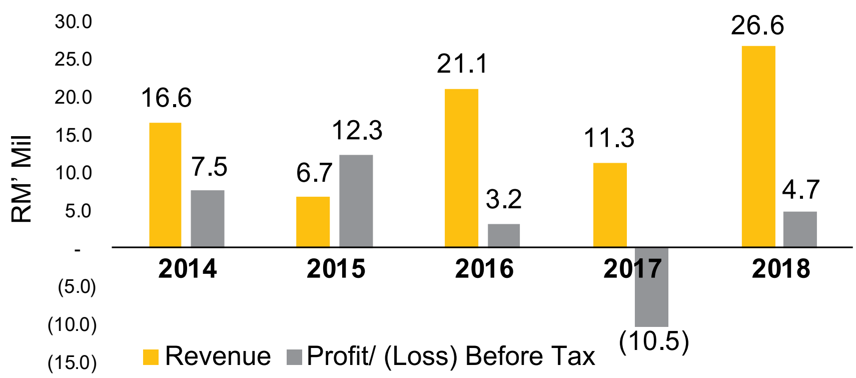
Mohamed Shafeii Bin Abdul Gaffoor
Chairman

OVERVIEW

Majuperak Holdings Berhad ("MHB") recorded profit after tax of RM2.89 million on the back of RM26.58 million revenue during the financial year under review. The Group's main revenue comes from sale of land, which has accounted for 69% of the Group's total revenue, followed by property segment and renewable energy segment which contributed 13% and 9% respectively of the Group's total revenue. Other revenues registered around 4% to the Group's total revenue. The higher revenue recorded this year is mainly due to the completion of Tanjong Tualang land sale in Daerah Kinta, Perak, which in turn increases the percentage contribution from land sale.

Midyear throughout 2018, MHB Group underwent a corporate restructure with changes in the boardroom and key senior management personnel. With a new management in place, MHB Group is now working towards its new 5-year business plan by strengthening its core businesses and at the same time looking at the opportunity to diversify its businesses to create a sustainable revenue sources to the Group. The Group has already established its presence in 3 main businesses, mainly Property Segment, Renewable Energy and also Merchandise Business.

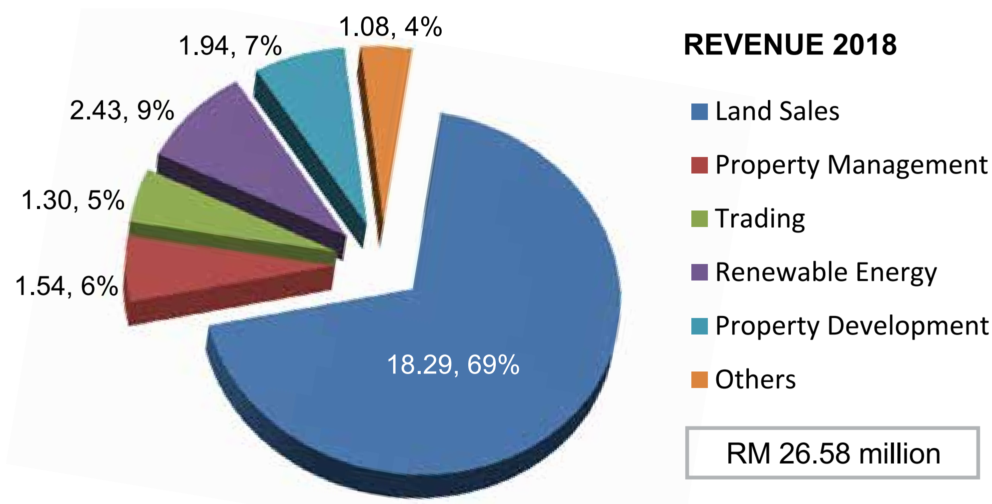
FINANCIAL REVIEW



The Group recorded the highest revenue over 5 financial years, racking up a total of RM26.58 million in 2018, an increase over 135% as compared to RM11.3 million FYE 2017. This is mainly due to higher revenue from the sale of land. Although merchandising business led by NJSB does not show similar performance like FYE 2017 due to MAPS ending the exclusive merchandise agreement with NJSB, we are pleased to report that other business segment such as property rental has shown consistent performance with a revenue around RM1 million for each respective segment throughout 2018 operational year.

The Group registered profit before tax (**"PBT"**) of RM4.33 million in 2018 compared to a loss of RM10.5 million in 2017, a substantial increase by 59%. The Group view this as encouraging as the group operating expenditure has also managed to be reduced by 19% as compared to 2017.

Below is the contribution of each activities to the Group's total revenue:



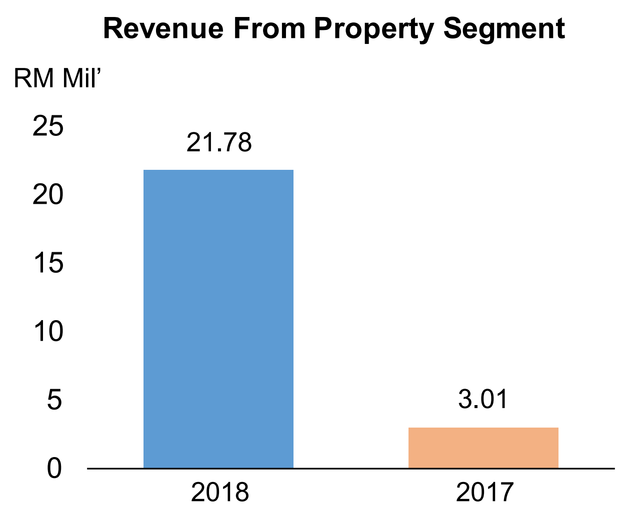
The Company recorded profit per share attributable to ordinary equity holders of the Company at 1.52 sen for the year 2018 compared to previous year that earned loss per share at 4.28 sen. Meanwhile, the net assets per share as at 31 December 2018 stood at RM0.70 compared to RM0.69 in 2017.

OPERATIONAL REVIEW

Property and Realty Segment

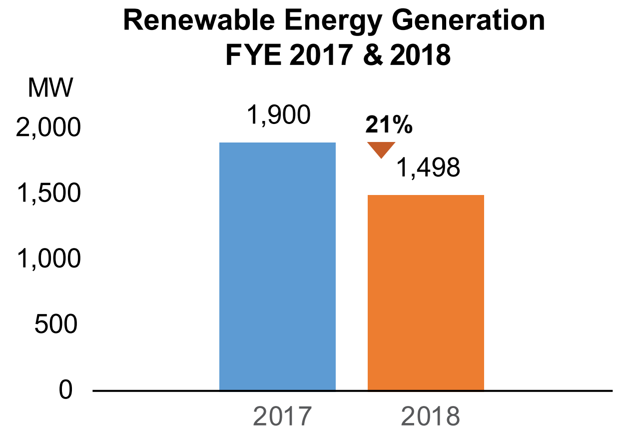
The property and realty segment achieved a revenue of RM21.78 million in 2018 (2017: RM3.01 million), primarily due to the revenue contribution from land sales and rental activities within the Group. A significant increase in revenue for this segment were mainly due to the completion of land sale transaction of Tanjong Tualang land amounting to RM16.3 million.

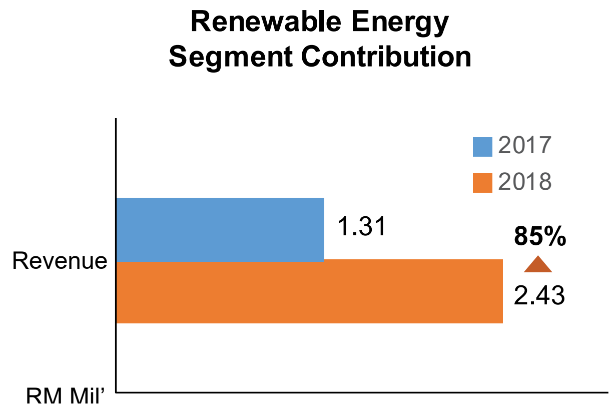
The performance of this segment is further supported by rental from the Group's properties, such as land rental and office rental. The main rental contributor is from the office rental of Wisma Maju Perak which is located in Jalan Sultan Idris Shah at the heart of Ipoh City Center. Other rental revenue includes rental of entrepreneur lots in Silveritage.



Renewable Energy

MHB's subsidiary, MERSB continues to contribute to the Group's income. MERSB owns and operates a solar power farm located in Keramat Pulai, Simpang Pulai, Perak. The farm operates under the Feed In Tariff Renewable Energy Act 2011, and collectively generated a total of 1,498 MW of electricity in 2018. This was lower than the 1,900 MW last year due to the lower sunny days in the solar farm. It is projecting to generate approximately 1,900 MW amount of electricity in 2019.





The Renewable Energy segment registered revenue of RM2.43 million (solar power plant revenue [RM1.05 million], maintenance income from MP Solar [RM0.90 million] and land rental/lease income [RM0.48 million]) in 2018 compare to RM1.31 million revenue of previous year. The decrease in solar power plant revenue was mainly due to the lower sunny days in the solar farm in the area of Keramat Pulai, Simpang Pulai. The momentum of this segment will be maintained by the Group as one of its major revenue contributors.

Strategic Business

The merchandising business contributed a revenue of RM1.30 million to the Group (2017: RM5.2 million), contributing about 5% of revenue for the financial year under review, due to NJSB is no longer the sole supplier for all merchandise items at MAPS. This merchandising business segment (**"MB segment"**) has been a sturdy contributor to the Group for the past three years. Despite a decrease in its revenue for 2018, we believe that although in the face of the current market challenges, NJSB has strived to diversify its clientele by intensifying its advertising and promotion campaigns with strong focus on its innovative marketing strategy in striving to achieve the desired income to the Group.

NJSB supplies all kinds of merchandises and branded premium gift items which are popular among clients, be it government agencies, corporate bodies or individuals. Product ranges from stationery, bags, 3-in-1 USB flash drive pen, umbrella, general premium items as well as hampers and gifts to suit any events as required by clients. A dedicated team provides assistance and consultancy service in terms of design as well as the available printing methods to incorporate clients' corporate logo and advertisement required.

FUTURE PROSPECTS

The Group shall strive to achieve good results for the financial year ending 31 December 2019 through continuous commitment to its new 5-year strategies which will lead to the growth of the Group. The Group will also continue to look at various ways in improving and diversifying its revenue stream.

Moving forward, more resources and efforts will be put in to explore collaborative opportunities to improve the revenue and profitability of the Group.

Despite the challenging market conditions, the Group envisage its results for the financial year 2019 to be moderately improved given the expected stable revenue stream from renewable energy activities, realty and property development segments, as well as the merchandising business to maintain its performance and continually contribute to the Group's revenue.

The Group is optimistic that given the prevailing economic conditions and financial outlook, the strategies implemented and future undertakings will generate revenue for the Group and ensure the growth of its core businesses.

INTRODUCTION

Sustainability has dependably been a fundamental piece of our method for doing business and a guiding value in our decision-making and development processes. Throughout the years, in our sustainability initiatives, MHB has undertaken numerous efforts to ensure the highest priority for our core businesses within the Group, specifically Property & Realty, and other businesses such as solar energy harvesting and merchandise items. As an active player in stimulating economic growth in the Perak State, the Group strives to ensure that both stakeholders and the community in the area feel the development impact.

The objective of this sustainability statement is to provide our stakeholders with reliable economic, environment and social (“EES”) information about our company, thereby strengthening trust and relationships with our stakeholders through greater transparency and disclosure.

This statement will incorporate some standard disclosures from Bursa Malaysia on the Sustainability Reporting Guideline and meeting the expectations of Bursa Malaysia’s revised Main Market Listing Requirements covering sustainability reporting. The objective of this sustainability statement is to provide our stakeholders with reliable economic, environment and social (“EES”) information about our company, thereby strengthening trust and relationships with our stakeholders through greater transparency and disclosure.

A. ECONOMIC

Property & Realty

In this area, MHB manages and owns several commercial properties in the state. Among the buildings are Wisma Maju Perak, and Silveritage Galleria Complex in Ipoh.

Wisma Maju Perak, which is located at Jalan Sultan Idris Shah currently, has several tenants, including Accountant General’s Department of Malaysia and Ministry of Home Affairs (Bahagian Kawalan Penerbitan dan Teks Al-Quran).

Silveritage Complex is located on the southern banks of Sungai Pinji close to the Sultan Azlan Shah Airport and at the outskirt of an expanding Ipoh. The complex redevelopment was completed on 17 March 2017 and reopened on January 2018. With total lettable area of 110 lots, comprising of F&B lots, retail lots, kiosks, gadget and bazar lots, the facility acts as a commercial site for entrepreneurs and a one-stop-center for Perak based tourist products.

The main objective is to turn it into a modern lifestyle complex providing local delicacies and handicraft focusing on both local and foreign tourists. The complex was reopened to public in January 2018 and provides opportunity for Small and Medium Entrepreneurs (“SME’s”) to showcase their products, thus enabling them to actively promote their products to the local and foreign tourists.

Other than the businesses, there are a lot of activities have been held on monthly and weekly basis, namely Cultural show by dancers from Perak Department of Culture and Art ("JKKN") and aerobics by the Senior Citizen Activity Centre ("PAWE"). Silveritage additionally has been a venue to various expo and exhibition.

This proves development that the Group brings is going simultaneously with the fostering of SME entrepreneurs by providing a suitable platform in commercializing their products.

Strategic Business

In addition to the Property & Realty business, MHB is also aggressively involved in other strategic businesses in which the company can generate sustainable income, such as solar energy harvesting and merchandise items.

Solar Energy Harvesting

The Group through its wholly owned subsidiary, MERSB owns and operates a solar power farm which is located at Keramat Pulai, Simpang Pulai, Perak. The plant collectively generates around 1,900 MW of electricity per annum.

Besides generating revenue for the company, this business is reflective of the Group's efforts towards contributing to green and clean energy. For year 2018, the plant generates around 1,498 MW of electricity. Reason to the significant drop in the electricity produced in 2018 was due to the lower sunny days in the farm and also breakdown of inverters. However, the plant is estimated to produce around 1,900 MW electricity in 2019 as mitigation controls have been implemented.

Merchandise Items

NJSB, a subsidiary company of the Group through Syarikat Majuperak Berhad is one of the supplier for all merchandise items retailed at MAPS. Among products that are still supplied to MAPS namely Boboiboy merchandise, Smurf merchandise, local Perak entrepreneurs and T-shirts.

NJSB also supplies all kinds of merchandise and branded premium gift items that are popular among clients, be it government agencies, corporate bodies or individuals.

In 2018, NJSB has registered with the Ministry of Finance ("MoF") via e-perolehan, which allows NJSB to penetrate and compete for public tenders of merchandising and printing business. The initial result was promising as NJSB recently has won a tender to supply printed materials to Hospital Raja Pemaisuri Bainun. Apart from that, NJSB is exploring the e-commerce business. NJSB supplies sublimation t-shirt or jersey online for the clothing fans such as futsal player and students.

While diversified in term of activities and areas, the above businesses will create a strong and sustainable revenue stream for the Group.

B. ENVIRONMENTAL

MHB support the organization commitment to preserve the environment. We strive to create value for our stakeholders by managing our business in an economically and environmentally responsible manner that focuses on continuous improvement. Environmental protection measures and consideration in our business have always been our priority.

In doing so, we adhere to the legal and regulatory requirements of the Malaysian Department of Environment ("DOE") and other regulators and authority and we instill environmental responsibility in our employees.

The Group's commitment to the environmental conservation is upheld by its investment in the solar power plant situated in Keramat Pulai by MERSB. The Group has further plans to expand its solar farm in the near future.

C. SOCIAL

MHB Group has always believed that the way to build a great and enduring company is to strike a balance between profitability and fulfilling its social responsibilities. We are committed to making a difference in the communities where we live and work. In today's inter-connected world, no business can operate as an entity onto itself. Companies are also measured in terms of their standing and interactions with the community. Throughout the year 2018, MHB Group continued to make progress to operate responsibly and with care to meet the changing expectations on society.

Local Communities Development

As a responsible corporate citizen, MHB aspires to contribute to the surrounding community particularly children and the underprivileged. We believed rewarding our dues to society should not solely be driven by the Company, but also from individuals as well. The Group has always endorsed to its management and staffs to be involved in welfare work and charity and we are pleased that the spirit of giving is very much alive within the Group.

(a) Giving Back to the Society

The holy month of Ramadan and Syawal encourages us to share the bliss of giving. It is all about appreciating the good fortune, wellbeing and wellness and sharing with the unfortunate and disadvantaged.

On 8th July 2018, Perak State Development Corporation hosted it's annual Aidilfitri Open House 2018 at Jalan Tampoi, Sungai Rokam Ipoh. Instead of being held at Casuarina @ Meru, this year's event is being held at the residence of Perbadanan Kemajuan Negeri Perak ("PKNP") Chief Executive, Tuan Mohd Ariff Bin Yeop Ishak. It is attended by nearly 1,200 visitors from the State Government Exco, Head of Department, PKNP staff and guests from the area neighborhood nearby. Yang Berhormat Menteri Besar Perak and his wife attended this event as an honorable guest.

(b) Education and Arts in The Community

We seek opportunities through education and art to enrich the cultural life of communities.

Another activity that has been organized is "Introduction to The World of Animation Program" in conjunction with the districtorial of the then Perak Chief Minister. The program was launched by YB Dato' Mohammad Zahir Bin Abdul Khalid, the then Chairman of the State Industries, Investment and Corridor Development Committee at the PKNP Entrepreneur Development Centre and a collaboration between PKNP and KRU Studios.

The program involved 200 students of Year 6 from four schools in the Manjoi State Legislative Assemblies area namely SK Jelapang, SK Chemor, SK Tanah Hitam and SK Bandar Baru Putra. The purpose of this program was to provide early exposure to Year 6 students on creative industries in Perak and attract them to venture into the field.

(c) Volunteer Program

We constantly engage our employees to contribute and giving back to the local community by joining activities as a volunteer. For instance, during SUKMA XIX Perak 2018, several MHB staff has been selected to represent PKNP as Committee Members for Lodging and Food. They have been assigned in various venues throughout the state and helps and manages the lodging and food for the athletes during the event.

Development of Human Resources

At MHB Group, we acknowledge the needs and concern of our employees. Therefore, we constantly engage our people to uphold a sense of belonging to the company and encourage them to take ownership of their roles and responsibilities while respecting the need for work-life balance.

Our employees are the precious assets and we remain committed to continued growth and development. We believe that by helping our employees realise their full potential, they can help us achieve MHB Group's corporate aspiration, making the Group an ideal place to attract talented individuals to build their careers.

For continuous employees' development, training is one of the most important aspects in MHB Group. In accord with the Strategic Human Capital Management Plan, the Group establishes a system to continuously:

- Identify knowledge gap;
- Identify training programs appropriate to achieve the objectives of the Company and the Group;
- Establish training support from both internal and external resources;
- Continuous assessment on the effectiveness of training programs.

CONCLUSION

As MHB ventures forth into 2019 and beyond, we are committed to strengthening and expand our Sustainability agenda. We will continue to seek opportunities for improvement in the pursuit of business, environment and social sustainability. The group will establish formal procedures for internalizing sustainability considerations in our organization in our journey to integrate into our business. In all that we do, we commit to remain transparent in our disclosures and to undertake close engagement and collaboration with all our stakeholders in driving positive change.

This report contains information on the activities and programs of Majuperak Holdings Berhad. A copy of Group's Sustainability Policy is available on MHB Group's website at www.majuperak.com.my, under Investor Relations and Corporate Governance column.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements with regards to the Group's state of internal control, the Board of Directors ("Board") is pleased to present the Group's Statement on Risk Management and Internal Control during the financial year under review and up to the date of approval of this statement, prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines").

The Board of Directors ("Board") of Majuperak Holdings Berhad Group ("Group") is committed to maintain a sound risk management framework and internal control system in the Group.

BOARD'S RESPONSIBILITY

The Board affirms its responsibility in inaugurating a comprehensive risk management framework and internal control system as well as reviewing its adequacy and effectiveness. The Board implied that rather than eliminating the risk of failure, the risk management framework and internal control system are designed to manage the Group's risks within the tolerable risk appetite to achieve the business goals and objective. It can therefore only provide reasonable, rather than absolute assurance against material misstatement, fraud or loss.

The Board has delegated its authority and empowered the Audit Committee ("AC") to oversee the implementation of a system of risk management and internal control within the Group. In additional, the Board has also established appropriate control structure and process for identifying, evaluating, monitoring, managing and responding to significant risks confronted by the Group in its pursue of the business goals and objectives. The control structure and process which have been inaugurated throughout the Group are reviewed and updated from time to time in response to the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of approval of the Statement on Risk Management & Internal Control for inclusion in the Annual Report.

The role of Risk Management includes:

- Identifying and evaluating the risks faced, and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks;
- Designing, implementing and monitoring the effective implementation of risk management framework and internal control system;
- Implementing the policies approved by the Board; and
- Reporting in a timely manner to the Board any changes to the risks and the corrective actions taken.

RISK MANAGEMENT FRAMEWORK

The Board considers risk management as an essential part of all business operations and fully supports the contents of the Internal Control Guidance and Risk Management.

Hence, to fulfil its oversight responsibility, the Board has segregated the Audit & Risk Management Committee into Audit Committee and Risk Management Committee respectively.

The Audit Committee ("AC") is accountable to ensure the adequacy and integrity of the internal control system within the group, and Risk Management Committee ("RMC") is responsible for risk management of the Group. RMC will review the adequacy and integrity of Group's Risk Management System ("RMS"). The Risk Management Workgroup ("RMWG") on the other hand facilitates the continuous monitoring and evaluation of the Group's RMS which encapsulates the key processes of risk identification, assessment, mitigation, monitoring and reporting.

Any approved policy and framework formulated to identify measure and monitor various risk components and internal control system would be reviewed and recommended by the AC and RMC to the Board. Additionally, the AC and RMC reviews and assesses the adequacy of these policies and ensures infrastructure, resources and systems are properly emplaced and implemented.

These principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations, and are made available to all employees.

During the year, Audit Committee and Risk Management Committee were separated into two Committees, namely, Audit Committee and Risk Management Committee.

The audit and risk framework for adoption by the Group involves the following:

► **Risk Management Committee**

Responsible to identify continuously and communicate and report to the Board, the critical risks the Group faces, their changes and the management action plans to manage the risks.

The Risk Management Committee which was newly formed on 10 August 2018 comprises of three Board Members as follows: -

i. Ir. Megat Shariffudin Bin Ibrahim (Chairman) (Appointed on 10 August 2018)

ii. Amran Bin Alang Ahmad (Member) (Appointed on 10 August 2018)

iii. Mohamed Shafeii Bin Abdul Gaffoor (Member) (Appointed on 10 August 2018)

– **Key Management Staff**

The RMWG, consisting of managers and key staff, has the fundamental role of identifying and assessing business and compliance risks by employing the following methodologies:

- Identification of significant risks by risk owners
- Assessment of the likelihood and impact of the risks identified
- Evaluating the control strategies in relation to the risks
- Formulating action plan to address control deficiencies
- Setting Key Risk Indicators to monitor the risks

The Key Management Staff in this manner, conduct a continuous communication, evaluation and enhancement of Risk Management Policy as well as facilitates risk assessment process, ongoing monitoring and reporting of major risk, and reports to RMC in a timely manner.

– **Risk Management Reporting**

The RMWG reports to the RMC on a periodic basis. The RMC will then meet to discuss and evaluate the RMWG's reports for adoption.

► **Audit Committee**

Responsible for ensure the adequacy and integrity of the internal control system within the group, the Internal Auditors provides supports to the AC in carrying out its duties.

The AC comprises of four Independent Non-Executive Directors as follows: -

i. Y.B. Leong Cheok Keng (Chairman) (Appointed on 10 August 2018)

ii. Ahmad Najmi Bin Kamaruzaman (Member) (Appointed on 10 August 2018)

iv. Amran Bin Alang Ahmad (Member) (Appointed on 10 August 2018)

v. Ir. Megat Shariffudin Bin Ibrahim (Member) (Appointed on 21 November 2018)

The Internal Auditors carried out audits based on an internal audit plan approved by the Audit Committee. Their reports are table to the AC meeting, where the AC members reviewed the findings with management. The internal auditors ensured that recommendations to improve controls were implemented by management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from key risk management and internal audit, the Group has in place the following key elements of internal control:

- **Board Meetings**

  The Board meets at least quarterly and has a formal agenda on matters for discussion. The Managing Director leads the presentation of board papers and provides explanations on pertinent issues. In arriving at any decisions, on recommendation by the management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a timely and regular basis.

- **Organizational Structure**

  The Group has in place an appropriate organizational structure with clearly defined lines of responsibility and delegated authority established for directors and management within the group in respect of quick response to the changes in the evolving business environment, effective supervision of day-to-day operations and accountability for operations performance. Capital and non-capital expenditures and acquisition and disposal of investment interest are subject to appropriate approval processes.

- **Management Financial Report**

  Quarterly financial and performance reports are submitted to the Board and reviewed, which include explanation and management action taken for improvement of results.

  Regular visits to the subsidiaries by the members of the management to monitor and assess the Group's performance and control.

- **Code of Conduct**

  The Group is committed to conduct its business fairly, impartially and ethically and to comply with all laws and regulations. To this end, the Group has a Code of Conduct (the "Code") which sets standards for the employees within the Group. The Code primarily promotes honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships at the workplace and for employees to observe applicable rules, regulations and local laws. In the performance of duties, the employees are expected to carry out their mandate and responsibility to the best of their ability and judgement and maintain the highest standard of integrity and conduct.

- **Whistleblower Policy**

  The Group has also established the Whistleblower Policy. The policy encourages employees or a person or entity making a protected disclosure ("Whistleblower") to raise concerns, be they internally and/or at a high-level, and to disclose information where such Whistleblower believes that a form of malpractice or misconduct is being committed. This also covers concerns which are in the public interest and may be investigated at least initially, so that appropriate remedial action can be taken.

The Whistleblower Policy also includes provisions which protect the confidentiality of the Whistleblower and ensures no retaliation against the Whistleblower if he or she had acted in good faith.

Any complaints or reports can be directed to the Group Managing Director or the Head of Human Resources. In addition, should the Whistleblower believe that the Group is better served if the report was addressed to levels higher than Management, the complaint or report can be submitted directly to the Chairman of the AC.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement in accordance with the Recommendation Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysia Institute of Accountants on the Review of Directors' Statement on Risk Management and Internal Control pursuant to Paragraph 15.23 of the MMLR of Bursa Securities and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the integrity of the system of risk management and internal control of the Group.

CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group's internal control system and risk management for the year under review and a number of minor structural deficiencies were identified during the period, all of which have been addressed. However, none of the deficiencies have results in any material losses, contingencies or uncertainties that required disclosure in the Company's Annual Report.

This Statement on Risk Management and Internal Control was reviewed and approved by the Board of Directors on 24 April 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the Board) recognizes the importance of good corporate governance and is committed to uphold the value of good corporate governance is practiced throughout the Company and its subsidiaries (“The Group”) by continuously advocating transparency, accountability, integrity and responsibility with the ultimate objective to protect and enhance long term shareholders’ values and the financial performance of the Group.

As required under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), this Corporate Governance Overview Statement reports on how the Company has applied the Principles and Practices to the extent of compliance with the recommendations of good corporate governance as set out in the Malaysian Code on Corporate Governance 2017 (“MCCG”) throughout the financial year ended 31 December 2018 (“the Year” or “2018”) and up to the date of this Annual Report. This statement is to be read together with Corporate Governance Report 2018 based on a prescribed format as outlined in Paragraph 15.25(2) of the Listing Requirements, which can be downloaded from the Company's website at www.majuperak.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Charter

The Company has formalised a Board Charter which clearly set out the composition, roles and responsibilities of the Board and Board committees and the processes and procedures for convening their meetings. The Board Charter serves as a reference providing prospective and existing members of the Board and management insight into the fiduciary duties of directors.

The Board reviews the Board Charter on a regular basis to keep up to date with changes in Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”), Main Market Listing Requirements (“Listing Requirements”), other regulation and best practices and ensure its effectiveness and relevance to Board’s objectives. The details of the Board Charter are available for reference on the Company’s website at www.majuperak.com.my.

Principal Roles

The Company is led by an experienced and dynamic Board. The Directors together as a team set values and standards of the Company and ensures that the Group’s business is properly managed to safeguard the Group’s assets and shareholders’ interests. The Board assumes full responsibility for the oversight and overall management of the Company.

Roles and Responsibilities

The Board’s principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group’s medium and long term strategic plans on a basis, so as to align the Group’s business directions and goals with the prevailing economic and market conditions.

The Board considers all aspects of the operations of the Group and particularly in the following areas:

- Reviewing the management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives;
- Overseeing the conduct of the business of the Group;
- Review the yearly and quarterly financial result; capital budgets and regularly monitors their progress throughout the year, using appropriate financial indicators and industry benchmarks;
- Succession planning for senior management;
- Identifying and putting in place systems to manage any principal risk;
- Reviewing the adequacy and integrity of the management information and internal control system.

Management manages the day-to-day operations in accordance with a Policy on Delegation & Limit of Authority with clearly defined authority limits for capital expenditure, operating expenditure, contract awards, safeguarding of assets, business decision activities, segregation of duties and other significant transactions, among others. Defined authority limits continue to be closely monitored in response to prevailing market conditions.

Separation of Chairman and Group Managing Director cum Group CEO

The role of the Chairman, Encik Mohamed Shafeii Bin Abdul Gaffoor and the Managing Director cum Group CEO, Encik Ariff Bin Yeop Ishak are separated with clear distinction of responsibility between them. The role of the Chairman is to focus on governance and compliance and ensure the smooth and effective functioning of the Board. His duties include providing leadership for the Board, ensuring the Board carries out its responsibilities in the best interest of the Company and that all the key issues are discussed in a timely manner. The Chairman is also tasked with facilitating active discussion and participation by all Directors and ensuring that sufficient time is allocated to discuss all relevant issues at the Board meetings. Whereas the Group Managing Director serves as the conduit between the Board and the Management in ensuring the success of the Group's governance and management function. The Group Managing Director has an executive responsibility for the day-to-day running of the business and implementation of Board's policies, strategies and decisions adopted by the Board.

Board Meetings

The Board meets on a quarterly basis and additional meetings were convened and held when specific urgent or important matters are required to be considered and decided between the scheduled meetings. During the financial year, the Board met seven (7) times i.e. 23 February 2018, 3 April 2018, 21 May 2018, 10 August 2018, 27 August 2018, 26 October 2018 and 26 November 2018 where the Board deliberated and considered a variety of matters including the Group's financial results, budget and strategy, corporate proposals and strategic issues that affect the Group's business operations.

During the year, the previous eight (8) directors were either retired or resigned and the vacancies were being filled up with seven (7) new directors.

All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year.

Access to Information and Advice

The Board had unrestricted access to timely and accurate information, necessary in the furtherance of their duties. In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affair. The Directors have full access and dedicated support services of the Company Secretaries, Independent Professional Advisers, and Internal/External Auditors in appropriate circumstances at the Company's expense, if required to ensure effective functioning of the Board. The Directors may also interact directly with, or request further explanation, information and updates on any aspect of the Company's operations or business concerns from the Management.

The Board and Board Committees meetings are planned in advance prior to the commencement of a new calendar year and the schedule is circulated to the Directors and Committee members well in advance to enable them to plan ahead. Board members are given at least seven (7) days' notice before any Board meeting is held. The agenda for each Board meeting and papers relating to the matters to be deliberated at the meeting are forwarded to all Directors at least five (5) days before the Board meeting. The Board papers are comprehensive covering agenda items to facilitate informed decision-making. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at next Board meeting.

The Board also peruses the decisions deliberated by Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meeting of any salient matters noted by the Committees and which require the Board's notice or direction. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provisions of Companies Act, 2016.

The Directors are notified of any corporate announcements released to Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted released date of the quarterly financial results announcement.

Board Composition

The Group is helmed by an effective and experienced Board comprising individuals of caliber and credibility from diverse professional backgrounds with a wealth of experience, skills and expertise which are crucial for the Board to function effectively.

The Board currently comprises seven (7) members, one (1) Managing Director, one (1) Non-Independent Non-Executive Chairman and a strong presence of five (5) Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides an effective check and balance in the functioning of the Board which is in compliance with paragraph 15.02 of Bursa Securities Listing Requirements. The Independent Directors which make up more than half the Board play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process.

The Board is of the view that the composition is well balanced, representing both the majority and minority shareholders' interests and complies with the Listing Requirements whereby majority of the Board comprises of Independent Directors. The Independent Directors provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations. In addition, they also ensure that the interests of all shareholders, and not only the interest of a particular fraction or group are indeed taken into account by the Board in its decision-making process.

The Board Charter provides that the Board should consist of qualified individuals with diverse experiences, backgrounds and perspectives. The Constitution of the Company provides a minimum of two (2) and a maximum of twelve (12) Directors. The composition and size of the Board should be such that it facilitates the making of informed and critical decisions without limiting the level of individual participation, involvement and effectiveness.

The Board believes that the current Board composition provides the appropriate balance in terms of skills, knowledge and experience in the fields of developer operations, finance and accounting, legal, information technology, project management, engineering and general experience in management. This combination of different professions and skills working together enables the Board to promote the interests of all shareholders and to govern our Group effectively.

The Board is satisfied with its current composition considering the diversity of background that is providing the Board with a broader range of viewpoints and perspective to meet future challenges.

Appointment to the Board and Re-election of Directors

In accordance with the Company's Articles of Association, all directors who were appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting ("AGM"). The Articles of Association also provide that all directors shall retire at least once in every three (3) years.

The proposed appointment of new Board members as well as the proposed re-election/re-appointment of existing Directors who are seeking re-election/re-appointment at the Annual General Meeting are first considered and evaluated by the Nomination Committee (NC). For the purpose of determining the eligibility of the Directors to stand for re-election at the AGM, the NC had also conducted an annual review of the performance of the Board to ensure that it is continuously effective.

The review conducted via a set of questionnaires to assist the reviewer in his assessment is spread over the following three (3) key areas:

- The performance and contribution of each of the Directors based on their self and peer assessment results of the Board Effective Evaluation;
- The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities and;
- The level of independence demonstrated by each of the Non-Executive Directors (NED) and his ability to act in the best interest of the Company in decision making, to ensure that the Non-Executive Directors were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company.

Upon its evaluation, the NC will make recommendations on the proposal(s) to the Board for approval, taking into account the Director's attendance at meetings, participation, contribution and time commitment. The Board makes the final decision on the proposed appointment or re-election/re-appointment to be presented to shareholders for approval as follows:

- All the existing seven (7) directors appointed during the year, will be retiring in accordance with Article 91 of the Company's Articles of Association and being eligible had offered themselves for re-election as Directors of the Company at the forthcoming AGM to be held on 26 June 2019. At the recommendation of the NC and as approved by the Board, they will be seeking for re-election as Directors at the 2019 AGM.

Tenure of Independent Directors

None of the existing Independent Directors has exceeded cumulative terms of nine (9) years tenure. The Board does not have term limits for Independent Directors. However, in line with the recommendation of the Code, the Company follows the guidelines which provide a limit of a cumulative term of nine (9) years on the tenure of the independent directors unless extended by shareholders.

Directors' Training and Development

The Board acknowledges the importance of continuous education and training broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties. An orientation program is initiated for newly appointed Directors who have attended the Mandatory Accreditation Programs prescribed by Bursa Securities.

All Directors attended at least one training / seminar during the financial year ended 31 December 2018. The details are as follows:

Directors	Programs	Date / Organizer
Mohd Ariff Bin Yeop Ishak	Mandatory Accreditation Program ("MAP")	8 & 9 October 2018 / ICLIF KL
	Directors: Duties and Responsibilities under Companies Act 2016 and Bursa Malaysia Listing Requirements	11 October 2018 / PKNP Ipoh
Mohamed Shafeii Bin Abdul Gaffoor	National Supply Chain Conference on Rail Projects and Career Fair 2018	11 April 2018 / MIDA KL
	The New Malaysian Code of Corporate Governance and Bursa's Revamped Listing Requirement Seminar	3 May 2018 / Star Empowerment KL
	MACC Act, Whistle Blower Protections Act and Whistle Blowing Policy	24 July 2018 / MICG KL
	Directors: Duties and Responsibilities under Companies Act 2016 and Bursa Malaysia Listing Requirements	11 October 2018 / PKNP Ipoh
Y.B. Leong Cheok Keng	Mandatory Accreditation Program ("MAP")	12 & 13 November 2018 / ICLIF KL
	Directors: Duties and Responsibilities under Companies Act 2016 and Bursa Malaysia Listing Requirements	11 October 2018 / PKNP Ipoh
Amran Bin Alang Ahmad	Mandatory Accreditation Program ("MAP")	12 & 13 November 2018 / ICLIF KL
	Directors: Duties and Responsibilities under Companies Act 2016 and Bursa Malaysia Listing Requirements	11 October 2018 / PKNP Ipoh
Ir. Megat Shariffudin Bin Ibrahim	Mandatory Accreditation Program ("MAP")	12 & 13 November 2018 / ICLIF KL
	Directors: Duties and Responsibilities under Companies Act 2016 and Bursa Malaysia Listing Requirements	11 October 2018 / PKNP Ipoh
Y.B. Muhamad Arafat Bin Varisai Mahamad	Mandatory Accreditation Program ("MAP")	12 & 13 November 2018 / ICLIF KL
Ahmad Najmi Bin Kamaruzaman	Mandatory Accreditation Program ("MAP")	12 & 13 November 2018 / ICLIF KL
	Directors: Duties and Responsibilities under Companies Act 2016 and Bursa Malaysia Listing Requirements	11 October 2018 / PKNP Ipoh

During the year, the Nomination and Remuneration Committee were separated into two (2) i.e. Nomination Committee and Remuneration Committee, to allow them to focus on their functions specifically.

Nomination Committee (NC)

1. Ahmad Najmi Bin Kamaruzaman – Chairman
   Independent, Non-Executive Director

2. Y.B. Muhamad Arafat Bin Varisai Mahamad
   Independent, Non-Executive Director

3. Ir. Megat Shariffudin Bin Ibrahim
   Independent, Non-Executive Director

The role of the NC is set out in its terms of reference and available for reference on the Company's website at www.majuperak.com.my.

The NC meets at least once in a financial year and wherever required. The NC met once during the financial year i.e. 27 August 2018 and twice i.e. 23 February 2018 and 3 April 2018 when Nomination and Remuneration Committee were combined and undertook the following activities:

- reviewed the mix of skills, independence, experience and other qualities of the Board.
- reviewed the performance of the Directors who are due for re-election/re-appointment at the next Annual General Meeting of the Company.
- assessed the independence of the Independent Directors.
- reviewed the annual assessment of the effectiveness, composition and balance of the Board as well as the effectiveness of the Committees and contribution of each individual directors using the following criteria:
  - Audit Committee, Remuneration Committee & Risk Management Committee
    i) Quality and Composition;
    ii) Skills and Competencies; and
    iii) Meeting Administration and Conduct

  - Board of Directors
    i) Board Structure;
    ii) Board Operations; and
    iii) Board Roles and Responsibilities

The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting is assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NC are based on the yearly assessment conduct.

The NC, having conducted an annual assessment of the Board and its individual members, the Audit Committee and its members, and the NC was satisfied with the current board size and the effectiveness of the Board/Board Committees and thus, no recommendation on the change of composition of the Board is made and also of the opinion that the NC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions as listed in the Terms of Reference of the NC. The assessment and evaluation were properly documented.

The Board concurred with the NC and is satisfied that the NC has discharged its roles and responsibilities with respect to its nomination functions as listed in the Terms of Reference of the NC. Notwithstanding this, during the year the Nomination and Remuneration Committee were separated into two committees i.e. the NC and Remuneration Committee, to allow both committees to focus on their specific roles and responsibilities effectively.

Remuneration Committee (RC)

The RC comprises entirely Non-Executive Directors, as follows: -

1. Amran Bin Alang Ahmad - Chairman
   Independent, Non-Executive Director

2. Y.B. Leong Cheok Keng
   Senior Independent, Non-Executive Director

3. Mohamed Shafeii Bin Abdul Gaffoor
   Non-Independent, Non-Executive Director

The RC reviews the remuneration package, terms of employment, benefits and reward structure of the Executive Directors, the Managing Director and/or CEO and other Senior Management and makes the necessary recommendations for the decision of the Board. Meetings of the RC are held as and when necessary, at least once a year.

The RC met once i.e. 27 August 2018 and twice i.e. 23 February 2018 and 3 April 2018 when Nomination and Remuneration Committee were combined in the financial year 2018 and discussed amongst others, the remuneration of Group CEO and Chief Financial Officer.

Directors' Remuneration

All Directors are paid Directors' fees as approved by the shareholders at the Annual General Meeting based on the recommendation of the Board. The determination of the level of fees of the Non- Executive Directors is a matter decided by the Board as a whole to ensure that it is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company.

The NC also recommends to the Board the remuneration packages of Group Managing Director cum Group CEO and it is the responsibility of the Board to approve the remuneration packages of Executive Director. In evaluating the Group Managing Director's remuneration, the NC takes into account the Group's financial performance and performance on a range of non-financial factors which reflects the level of risk, responsibility as well as performance of the Company and the industry norm.

The remuneration of the existing and former Directors of the Company served during the financial year ended 31 December 2018 is as follows:

Group/Company

Name of directors	Fees RM	Salary RM	Other emoluments RM	Benefit-in-kind RM	Total RM
Mohamed Shafeii Bin Abdul Gaffoor (Non-Executive Chairman) *Appointed as Director on 26 June 2018*	22,500*	-	-	-	26,250
Mohd Ariff Bin Yeop Ishak (Managing Director cum Group CEO) *Appointed as Director on 26 June 2018* *and Executive Chairman on 28 August 2018*	25,000*	99,097	-	-	124,097
Y.B. Leong Cheok Keng **	18,750	-	-	-	18,750
Amran Bin Alang Ahmad **	18,750	-	-	-	18,750
Ir. Megat Shariffudin Bin Ibrahim **	18,750	-	-	-	18,750
Y.B. Muhamad Arafat Bin Varisai Mahamad **	18,750	-	-	-	18,750
Ahmad Najmi Bin Kamaruzaman**	18,750	-	-	-	18,750
YBhg. Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Megat Khas *Retired on 25 June 2018*	25,000	-	-	-	25,000
Tuan Haji Mustapha Bin Mohamed *Retired on 25 June 2018*	22,500	-	-	-	22,500
YB Dato' Mohd Khusairi Bin Abdul Talib *Resigned on 10 August 2018*	26,250	-	-	-	26,250
Y.Bhg. Dato' Aminuddin Bin Md Desa *Resigned on 28 May 2018*	18,750	-	-	-	18,750
Y.Bhg. Dato' Mohd Azmi Bin Haji Othman *Resigned on 19 July 2018*	26,250	-	-	-	26,250
Y.Bhg. Mohd Azhar Bin Jamaluddin *Resigned on 25 June 2018*	22,500	-	-	-	22,500
Y.Bhg. Dato' Mahdi Bin Tan Sri Morad *Resigned on 10 August 2018*	26,250	-	-	-	26,250
Rustam Apandi Bin Jamaludin *Managing Director cum Group CEO* *Resigned on 1 October 2018*	33,750	319,685	-	-	353,435

* *If approved by the shareholders at the forthcoming AGM, this amount is payable to the holding company, Perbadanan Kemajuan Negeri Perak (PKNP) in view that the individual is a nominee director of PKNP.*

** *Appointed as Director on 10 August 2018*

The disclosure of Directors' remuneration is made in accordance with the Code.

Key Senior Management's Remuneration

The details of the remuneration of our Key Senior Management for Financial Year 2018 under each band of RM50,000 on a named basis are set out below:

Name	Total Remuneration	Remarks
Mohd Ariff Bin Yeop Ishak *(Executive Chairman)*	RM50,001 – RM100,000	Appointed Director on 26 June 2018 and Executive Chairman on 28 August 2018. Appointed Managing Director cum Group CEO on 1 March 2019.
Ahmad Al-Hadi Bin Abdul Khalid *(Group Chief Financial Officer)*	RM100,001 – RM150,000	Appointed as Group Chief Financial Officer on 27 August 2018
Abdul Karim Nast Bin Mohd Alias *(General Manager, Land and Assets Management)*	RM1 – RM50,000	Appointed as General Manager, Land and Assets Management on 1 October 2018
Ku Adenan Bin Ku Ismail *(General Manager, Property Development and Infrastructure)*	RM150,001 – RM200,000	Appointed as General Manager, Property Development and Infrastructure on 2 May 2018
Rustam Apandi Bin Jamaludin *(Former Managing Director cum Group CEO)*	RM300,001 – RM350,000	Resigned as Managing Director cum Group CEO on 1 October 2018
Salween Azila Binti Ahmad Tauffik *(Former Group CEO)*	RM150,001 – RM200,000	Appointed as Group CEO on 1 October 2018. Prior to that, she was the Acting Group CEO from 10 August 2018. Resigned as Group CEO on 1 March 2019

Corporate Integrity

The Board has formalised and adopted the Code of Ethics of Directors (the "Code"), which is based on the core principles of integrity, transparency, accountability and corporate social responsibility. The Code enables the Board and each Director to focus on areas of ethical risk, provides guidance to Directors to help them recognise and deal with ethical issues, provides mechanisms to report unethical conducts and helps foster a culture of honesty and accountability. It also serves as an avenue for any Director to channel any suspected violations of the Code to the Chairman of the Audit Committee ("AC"). Investigation will be carried out by the Board and appropriate action will be taken in the event of any violations of the Code.

Besides, the Group also adopted a Code of Conduct which sets standards for the employees within the Group to promote honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships in the workplace and to observe applicable rules, regulations and local laws.

The Board and all employees are committed to observe the highest standards of personal and corporate integrity when dealing within the Group and with external parties.

In addition to the above, the Company's Whistle Blower Policy (the "Policy") aims to maintain the highest level of corporate ethics within the Group. All employees of the Group have a professional responsibility to disclose any known malpractices or wrongdoings. The Board has the overall responsibility for overseeing the implementation of the Policy, and all whistleblowing reports are addressed to the Chairman of the AC (for matters relating to financial reporting, unethical or illegal conduct), and the GMD or Head of Human Resource Department (for employment-related concerns).

The Code of Ethics of Directors, Code of Conduct and Whistle Blower Policy can be found on the Company's website at www.majuperak.com.my

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Group has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee.

The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with the Board.

During the year, the Audit and Risk Management Committee were separated into two committees as follows:

Audit Committee (AC)

The AC comprises four (4) Independent Non-Executive Directors and is in compliance with the Bursa Securities Main Market Listing Requirements ("Listing Requirements").
The members are as follows:

1. Y.B. Leong Cheok Keng
   Senior *Independent Non-Executive Director - Chairman*

2. Ahmad Najmi Bin Kamaruzaman
   Independent Non-Executive Director

3. Amran Bin Alang Ahmad
   Independent Non-Executive Director

4. Ir. Megat Shariffuddin Bin Ibrahim
   Independent Non-Executive Director

A full report of the Audit Committee with a summary of the works performed during the financial year are set out in this Annual Report under the Audit Committee Report.

The AC assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group. The Chairman of the AC is not the Chairman of the Board.

The AC Charter requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC.

The Audit Committee conducts a review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group.

More information on the AC and its activities for 2018 is contained on pages 56 to 59 of this Annual Report.

Assessment of Suitability and Independence of External Auditors (EA)

The Audit Committee ("AC") had on 28 February 2019 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within MHB Group's timeline.

The AC then decided to recommend for the Board's approval the re-appointment of Messrs. AljeffriDean ("AljeffriDean") as external auditors of the Company for the financial year ending 31 December 2019. At the same time, the AC further undertook an annual assessment of the quality of audit, which encompassed the performance of the EA, AljeffriDean, and the quality of their communications with the AC and MHB Group, based on the feedback obtained via assessment questionnaires from MHB personnel who had regular contact with the external audit team, AljeffriDean throughout the year. The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism. AljeffriDean had also confirmed their independence throughout the conduct of their audit engagement with MHB Group in accordance with the independence criteria set.

The AC was satisfied with the suitability of AljeffriDean based on their quality of service and sufficiency of resources provided to the Group, in terms of the firm and the professional staff assigned to the audit. The AC was also satisfied in its review that the provision of non-audit services by AljeffriDean to the Company for the financial year ended 31 December 2018 did not in any way impair their objectivity and independence as external auditors of MHB and Group. Having regard to the outcome of the evaluations and the annual assessment of external auditors which supported the AC's recommendation on the suitability and independence of the external auditors, the Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of AljeffriDean as external auditors of the Company for the financial year ending 31 December 2019.

A statement by the Directors on their responsibilities in preparing the financial statements is set out on page 67 of this Annual Report.

Relationship with Auditors

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's auditors, both internal and external. It is the policy of the Audit Committee to meet the external auditors to discuss their audit plan, audit findings and the financial statements.

Risk Management Committee

The members are as follows:

1. Ir. Megat Shariffuddin Bin Ibrahim
   Independent Non-Executive Director - Chairman

2. Amran Bin Alang Ahmad
   Independent Non-Executive Director

3. Mohamed Shafeii Bin Abdul Gaffoor
   Non-Independent Non-Executive Director

The ultimate responsibility for ensuring a sound and effective internal control framework lies with the Board. The Board sets policies and procedures for internal control and oversees that the implementation of the internal control system is properly carried out by the Management to safeguard shareholders' investments and the Company's assets. The oversight of the Group and Company's risk management framework and policies is also embedded in the AC Charter.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Group and risk management, such controls by their nature can only provide reasonable assurance against material misstatements or loss.

During the Financial Year 2018, the Committee: -

- Reviewed risk management's resource requirements, scope, adequacy and activities;
- Reviewed the Group's strategic risks and provide feedback to Management on risks mitigation strategies and improvement on quarterly basis; and
- Reviewed the Group's divisional risk report and provision of feedback on the mitigation strategies and improvement on quarterly basis.

The Board also acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. However, the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence the internal control system can only provide reasonable and not absolute assurance against the risk of material errors, fraud or loss.

Further details of the Group and Company risk management and internal controls framework are as set out in the Statement on Risk Management and Internal Control on pages 36 to 40 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANING FULL RELATIONSHIP WITH STAKEHOLDER

Communication with Shareholders

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its business and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

The Company's AGM remains the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development.

Notice of the AGM together with the Annual Report are sent out to shareholders at least twenty-eight (28) days before the date of meeting.

The Board encourages participation from shareholders by having a question and answer session during the AGM. The directors and the GCEO are available to provide responses to questions from shareholders during the meeting.

All resolutions set out in the notice of general meetings of the Company are to be conducted by poll and an independent scrutineer is appointed to monitor the conduct of polling for each general meeting.

At the AGM held on 25 June 2018, poll voting was conducted in respect of all resolutions by way of e-polling process and Symphony Corporatehouse Sdn Bhd was appointed as Scrutineers to verify the poll results. The outcome of the poll against the resolutions was announced at the same meeting and detailed results stating the votes cast were announced via Bursa LINK on the same day of the AGM. A summary of the key matters discussed at the 2018 AGM was published on the Company's website at www.majuperak.com.my.

The Group ensures that timely disclosures are made to the public with regard to the Group's corporate proposals, financial results and other required announcement.

Corporate and financial information of the Group as well as the Company's announcements to Bursa Securities are also made available to the public through the Company's website at www.majuperak.com.my.

Compliance with the Code

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following exception that, in the opinion of the Directors, adequately suit the circumstances:

- Practice 4.5 (The Board discloses on its annual report the Company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the Board must have at least 30% women directors)

- Practice 12.3 (Listed Companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate: ~ including voting in absentia; and ~ remote shareholders' participation at General Meeting).

The explanation for departure is further disclosed in the Corporate Governance Report.

This CG Overview Statement was approved by the Board of Directors of MHB on 24 April 2019.

The Board of Directors ("the Board") of Majuperak Holdings Berhad ("MHB" or "the Company") is pleased to present the report on the Audit Committee ("AC") for the financial year ended 31 December 2018 in compliance with Paragraph 15.15 of the Main Market LR of Bursa Malaysia and Practice 8.4 under Principle B of the Malaysian Code on Corporate Governance 2017("MCCG").

Since 21 May 2007, the Audit and Risk Management were combined into one committee named as Audit and Risk Management Committee ("ARMC"). During the year, the ARMC was segregated into two (2) committees, namely, Audit Committee and Risk Management Committee. The AC members in performing their duties and discharging their responsibilities, is guided by its terms of reference. The AC's Terms of Reference is available at the Company's website at www.majuperak.com.my.

1. COMPOSITION AND ATTENDANCE

The AC comprises four (4) members and all of whom are Independent and Non-Executive Directors. This meets the requirements of Para 15.09(1)(a) and (b) of the Main Market Listing Requirement ("MMLR").

The Chairman, Y.B. Leong Cheok Keng, Senior Independent Director, is a holder of Bachelor of Accountancy (First Class Honours) from National University of Singapore, had more than 15 years' post-qualification experience in accounting and finance. Accordingly, MHB complies with requirements of Paragraphs 15.09(1)(c)(i) of the MMLR of Bursa Malaysia. Y.B. Leong Cheok Keng also holds Bachelor of Laws (First Class Honours) from University of Leeds, United Kingdom.

The Nomination Committee ("NC") reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual effectiveness evaluation. The NC is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards.

The term of reference ("TOR") was reviewed and revised in year 2018 to reflect the requirement of the requirement of the applicable practices and guidance of the Malaysian Code on Corporate Governance ("MCCG").

During the financial year ended 31 December 2018, five (5) AC meetings were held (23 February 2018, 3 April 2018, 21 May 2018, 27 August 2018 and 26 November 2018) and the details of the attendance were as follows:

Members	No. of Meetings Attended
Tuan Haji Mustapha Bin Mohamed *(Independent Non-Executive Director)* *Retired on 25 June 2018*	3 out of 3
YBhg. Dato' Mohd Azmi Bin Hj Othman *(Independent Non-Executive Director)* *Resigned on 19 July 2018*	2 out of 3
Y.B. Dato' Mohd Azhar Bin Jamaluddin *(Independent Non-Executive Director)* *Resigned on 25 June 2018*	2 out of 3
Y.B. Leong Cheok Keng *(Chairman, Senior Independent Non-Executive Director)* *Appointed on 10 August 2018*	1 out of 2

Members	No. of Meetings Attended
Amran Bin Alang Ahmad *(Independent Non-Executive Director)* *Appointed on 10 August 2018*	2 out of 2
Ahmad Najmi Bin Kamaruzaman *(Independent Non-Executive Director)* *Appointed on 10 August 2018*	2 out of 2
Ir. Megat Shariffuddin Bin Ibrahim *(Independent Non-Executive Director)* *Appointed on 21 November 2018*	1 out of 1

The Company Secretary attended all the Meetings of the AC held during the financial year. Minutes of each AC Meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation. The Group Chief Executive Officer ("GCEO") and Group Chief Financial Officer ("GCFO") were invited to the Meetings to facilitate direct communication and also to provide clarification on financial/audit issues and the Group's operations matters. The GCFO will also brief the AC on specific issues arising from the audit reports or any matters of interest. In 2018, the AC Chairman presented to the Board the Committee's recommendation to approve the annual and quarterly financial statements and any significant concern as and when raised by the External Auditors or Internal Auditors. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditor or Internal Auditors in the respective quarterly presentations.

2. SUMMARY OF ACTIVITIES

The key activities carry out by the AC in line with its terms of reference during the financial year ended 31 December 2018 comprised the following:

a) Financial Reporting

i) Reviewed the Group's quarterly financial statements before recommending them to the Board for approval.

ii) Reviewed the audited financial statements of MHB and Group with the External Auditors to ensure compliance with the provisions of the Companies Act 2016 and the applicable accounting standards prior to submission to the Board for approval.

iii) To safeguard the integrity of information, the GCFO had given assurance to the AC that:

(a) appropriate accounting policies had been adopted and applied consistently;

(b) the going concern basis applied in the Annual Financial Statements was appropriate;

(c) prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS;

(d) the Audited Financial Statement and Quarterly consolidated financial statements did not contain material misstatements and gave a true and fair view if the financial positions of the Group and its subsidiaries for year 2018.

b) External Audit

(i) Reviewed the scope of work and the Audit Planning Memorandum of the External Auditors and their proposed fees for the statutory audit in respect of the audit for financial year ended 31 December 2018 prior recommending to the Board for adoption.

(ii) Reviewed with the External Auditors the results of the audit and management's responses to their audit findings, including corrective actions taken by the management on outstanding audit issues highlighted in the previous audit.

(iii) Met with the External Auditors without the presence of management including the Managing Director/GCEO. The External Auditors do not have any areas of concern to highlight to the AC and they have received full co-operation from the management.

(iv) Reviewed and evaluated the performance of the External Auditors and their independence, objectivity and professionalism and assessment questionnaires were used as a tool for the assessment and made recommendations to the Board on their re-appointment.

(c) Internal Audit

(i) Reviewed and approved the internal audit plan, including the scopes and audit approach.

(ii) Reviewed and deliberated on the internal audit reports from the Internal Audit Unit and management's response to the recommendations and presented the reports to the Board of Directors.

(iii) Carried out an annual review of performance of the Internal Audit Unit including assessment of their suitability and independence in performing their obligations by completing a formal evaluation form.

(d) Related Party Transactions

Reviewed the related party transactions to ensure they are transacted within the limits prescribed under the MMLR.

(e) Annual Report

i) Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the Annual Report;

ii) Presented the AC Report to the Board for approval and inclusion in the Annual Report.

3. GROUP INTERNAL AUDIT FUNCTION

The Company has an Internal Audit Unit which provides support to the AC in discharging its duties and responsibilities. The functions and responsibilities of the Group's Internal Audit Function ("IAF") are to adopt a risk-based approach and prepares its audit strategy and plan based on risk profiles of the business units of the Group. The IAF would conduct activities in accordance with its annual internal audit plan and also undertakes special reviews and investigations at the request of the senior management.

The activities of the Internal Audit Department that were carried out are as follows: -

- Providing reasonable assurance in relation to the adequacy, efficiency and effectiveness of the internal control systems;
- Independent assessment and systematic review of the operational efficiency of the Group;
- Identifying and evaluating potential risk areas;
- Assessing the reliability of systems and the reported information; and
- Ensuring compliance with the Group's policies/guidelines and with legislation.

During the year, the IAF had performed its roles with impartiality, proficiency and due professional care. The scope of the audit encompassed the corporate governance structure and the control environment focusing on revenue and accounts receivable.

The Management is responsible for ensuring that corrective actions are taken to overcome the reported deficiencies within an appropriate time frame. Audit reports incorporating the audit findings and recommendations for corrective actions on systems and control deficiencies are presented to the management concerned, and thereafter to the AC for appraisal and review.

There was no cost incurred for the Internal Audit Function of the Group for the financial year ended 31 December 2018 as the function was sourced from its Holding Company, Perbadanan Kemajuan Negeri Perak.

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the year ended 31 December 2018

1. Details of the Recurrent Related Party Transactions

The details of the Recurrent Related Party Transactions are set out in the following table:

Transacting company within the MHB Group	**Related Transacting Party**	**Nature of transactions**	**Related Parties**	**Nature of Relationship**	**Proposed Renewal Shareholders' Mandate** **Estimated aggregate value to be incurred from the 16th AGM to the next AGM date (RM)**
Majuperak Holdings Berhad (MHB) /	Casuarina Meru Sdn Bhd (CMSB) #	Rental of office space by MHB[1]	% *	/ # *	1,200,000
Nexus Jade Sdn Bhd (NJSB) **	Animation Theme Park Sdn Bhd (ATP) &	Sale and supply of merchandise by NJSB to ATP	% *	** / *	2,000,000
Syarikat Majuperak Berhad (SMB) +	Lumut Maritime Terminal (LMT) @	Sand filling works of LMT expansion project	% *	+ @ *	60,000,000

Notes:

* *Perbadanan Kemajuan Negeri Perak ("PKNP") is the major shareholder/holding company of Majuperak Holdings Berhad (MHB) and Perak Corporation Berhad (PCB) with 55.12% and 52.9% equity interest respectively as at 31 March 2019. PKNP was formed on 7 October 1967 as a state incorporated body under the Perak State Development Corporation Enactment No.3 of 1967 in Perak Darul Ridzuan. Its principal activities include investment holding, property and infrastructure development, tourism, entrepreneur development, manufacturing, industrial development and industrial promotional activities in Perak Darul Ridzuan.*

/ *MHB is a 55.12% subsidiary of PKNP.*

\# *CMSB is a 89.5% subsidiary of PCB Taipan Sdn Bhd (PCBT) and the latter is a wholly owned subsidiary of PCB. PCB, in turn, is a 52.9% subsidiary of PKNP.*

& *ATP is a 51% subsidiary of PCB via PCB Development Sdn Bhd (PCBD). PCBD is a wholly owned subsidiary of PCB.*

** *NJSB is a 51% subsidiary of MHB via MPSB. MPSB, in turn, is a wholly owned subsidiary of SMB and the latter is a wholly owned subsidiary MHB. MHB is a 55.12% subsidiary of PKNP.*

@ *LMT is a 51% subsidiary of PCBT. PCBT in turn is a wholly owned subsidiary of PCB.*

\+ SMB is a wholly-owned subsidiary of MHB.

% *PKNP and the directors of MHB who are interested in the Proposed Mandate are Encik Mohamed Shafeii bin Abdul Gaffoor and Mohd Ariff bin Yeop Ishak. They are deemed interested in the Proposed Mandate by virtue of them being the nominee Directors of PKNP, the major shareholder.*

1 *MHB rents 3-floor of office space from CMSB i.e. 2-floor situated on No 1-A, Blok A and 1-Floor on No. 1-C, Blok B, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan for a total monthly rental of RM36,277 including general maintenance services. There is no formal rental agreement and the rental is payable yearly subject to biennial review.*

New Recurrent Transaction (if any) will be covered in the Proposed New Shareholders' Mandate.

2. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year.

3. Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2018 is as follows:

	Group RM	Company RM
Audit Fees	117,400	24,700
Non-Audit Fees	-	-
	117,400	24,700

4. Material Contracts and Contract Relating to Loans awarded to Directors, Chief Executive and Substantial Shareholders

There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors, Chief Executive who is not a Director and substantial shareholders entered into since the previous financial year.

LIST OF PROPERTIES AS AT 31 DECEMBER 2018
(ABOVE RM1 MILLION)

No.	Name of Owner	Title/Location	Tenure/Age of Building	Land Use	Land Area/ Built up Area	Net Book value as at 31.12.2018 (RM)	Acquisition Date
A.	**INVESTMENT PROPERTIES**						
1	**Syarikat Majuperak Berhad**	**Lot 008051N (PN 31150) Wisma Maju Perak,** Unit Nos and 5 at Level 1, Unit No. 2 at Level 2 and Level 5 to Level 10, Jalan Sultan Idris Shah,30000 Ipoh	Leasehold of 99 years expiring in year 2086/25yrs	10-Storey Office Building	24,089 sq. ft/ 72,602 sq. ft	4,973,053	1987
2	**Syarikat Majuperak Berhad**	**Lot 9225N (PN 213729) PT 125562, Kompleks Majuperak (Brewster Village),** Jalan Sultan Idris Shah, 30000 Ipoh	Leasehold of 99 years expiring in year 2095/ 75yrs	Commercial Office Building/ Parking	71,586 sq. ft/ 8,085 sq. ft	3,562,636	1996
3	**Syarikat Majuperak Berhad**	**Lot 28801 (GRN 59907) Medan Letak Kenderaan,** Jalan Sultan Idris Shah, 30000 Ipoh	Freehold (Residential)	Commercial/ Parking	16,226 sq. ft	1,228,482	2002
B.	**DEVELOPMENT PROPERTIES**						
1.	**Jua Juara Sdn Bhd** (a subsidiary of Majuperak Development Berhad)	**PT 18643 - 54.93 acre, PT 18644 - 88.18 acre.** Mukim of Ulu Bernam, District of Batang Padang,	Leasehold of 99 years expiring in year 2111	Residential/ Commercial	143.11 acres	1,395,838	2002
2.	**Jua Juara Sdn Bhd** (a subsidiary of Majuperak Development Berhad)	Mukim of Ulu Bernam, District of Batang Padang, Perak, located off the 2½ M.S. Jalan Slim Lama and lies adjoining the Bernam Industrial Park, Proton City, Tanjung Malim, Perak	Leasehold of 99 years expiring in year 2101	a) Residential/ Commercial b) Industry c) Agriculture	203.44 acres	2,353,146	2002
3.	**Tenaga Danawa Sdn Bhd** (a subsidiary of Majuperak Development Berhad)	**PT 1779 [HS(D) 25344] PT 1984 [HS(D) 33224]** Mukim Trong, District of Larut Matang, Perak	Leasehold of 99 years expiring in year 2017	Residential/ Commercial	123.39 acres	2,776,703	2001
4.	**Tenaga Danawa Sdn Bhd** (a subsidiary of Majuperak Development Berhad)	**PT 1312 - 1319, PT 1321 - 1552, PT 1680 - 1716, (HS(D) LM 14102 - 14109), (HS(D) LM 14111 - 14342), (HS(D) LM 14470 - 14506),** Taman Trong Bakti, Trong, District of Larut Matang, Perak. (Trong Phase 2: 277 lot)	Leasehold of 99 years expiring in year 2099	Commercial/ Residential	7.73 acres	2,700,908	2000
5.	**Tenaga Danawa Sdn Bhd** (a subsidiary of Majuperak Development Berhad)	**Tapah Road, District of Batang Padang, Perak (UCM)**	#99 years (Plot 30B)	Residential/ Commercial	26.39 acres	19,727,287	2006
			*99 years (Plot 29B)	Residential/ Commercial	98.61 acres		2006
		A portion of the above land, title issued PT 6748 [HS(D) 17221] PT 4943 (Cemetery)	Leasehold of 99 years expiring in 2110	Residential/ Commercial	100 acres, 4.73 acres (cemetery)		2006

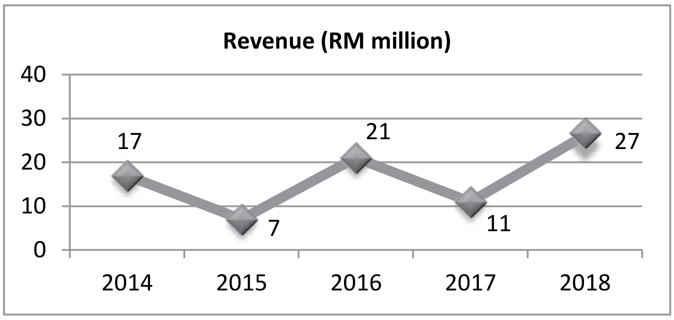
No.	Name of Owner	Title/Location	Tenure/Age of Building	Land Use	Land Area/ Built up Area	Net Book value as at 31.12.2018 (RM)	Acquisition Date
6.	**Syarikat Majuperak Berhad**	**Part of Lot No. 127196, 155002, 11450, 35433, 28414 & 35434 Balance of package 1 Bdr Tasik Idaman located along 2$^1/_2$ m.s. Batu Gajah/Gopeng Road, Batu Gajah, Mukim Sungai Terap, District of Kinta**	* 99 years	Residential		2,784,897	2000
		Lot 310259 - Lot 310263 (5 lots), Lot 310279 – Lot 310280 (2 lots)	Leasehold of 99 years expiring in year 2102	Residential			
		PT 37487 - PT 37532 (46 lots), PT 37533 - PT 37542 (10 lots), PT 37543 - PT 37546 (4 lots).	Leasehold of 99 years expiring in year 2109	Residential	10.07 acres		
		286 lots: Plot 3-4, Plot 113-176, Plot 230-350, Plot 433-464, Plot 506-537, Plot 594-603, Plot 614-624, Plot 647-650	* 99 years	Residential	15.94 acres		
		128 lots: Plot 351-43m Plot 538-551, Plot 701-732	* 99 years	Residential	10.69 acres		
		Plot 1 - 8 (8 units) R/Kedai	Leasehold of 99 years expiring in year 2109	Commercial	0.3 acres		
		Plot 9-93 (85 units) (Rumah Teres – 22'x75'), Plot 94 - 110 (17 units) (Rumah Teres – 24'x60')	Leasehold of 99 years expiring in year 2109	Residential	4.24 acres		
		Plot 111 (1 unit) (R/Teres Kos Rendah 20'x55')	Leasehold of 99 years expiring in year 2109	Residential	0.11 acres		
		Plot 112 (1 unit) (KAD)	Leasehold of 99 years expiring in year 2109		4.11 acres		
7.	**Syarikat Majuperak Berhad**	**Part of Lot No. 41396,** Off Tambun -Tanjung Rambutan, Mukim Ulu Kinta, Daerah Kinta, Perak.				5,332,455	
		PT 266277	Leasehold of 99 years expiring in year 2109	Residential	4.23 acres		
		PT 234896 – PT 234903 (11 units shop lots)	Leasehold of 99 years expiring in year 2109	Commercial	0.36 acres		

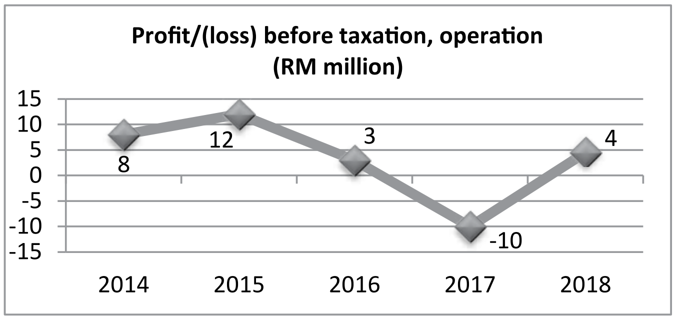
Notes:

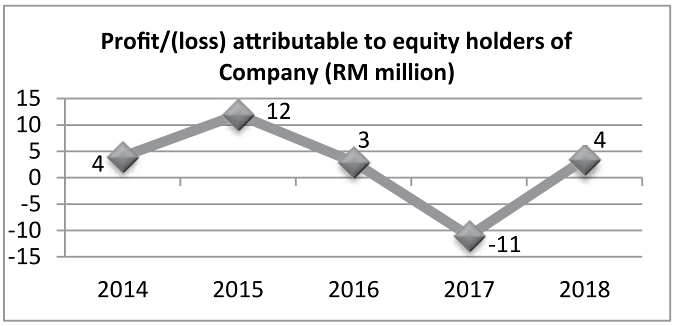
* In the process of issuing individual title
# In the process of issuing block title

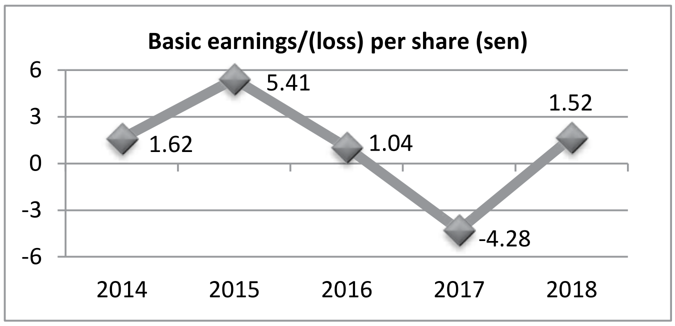
GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

Financial Results	2018	2017	2016	2015	2014
Revenue (RM'000)	26,580	11,291	21,099	6,683	16,627
Profit/(loss) before taxation, operation (RM'000)	4,331	(10,472)	3,226	12,320	7,522
Profit/(loss) attributable to equity holders of the Company (RM'000)	3,913	(11,010)	2,685	11,574	3,758
Basic earnings/(loss) per share (sen)	1.52	(4.28)	1.04	5.41	1.62

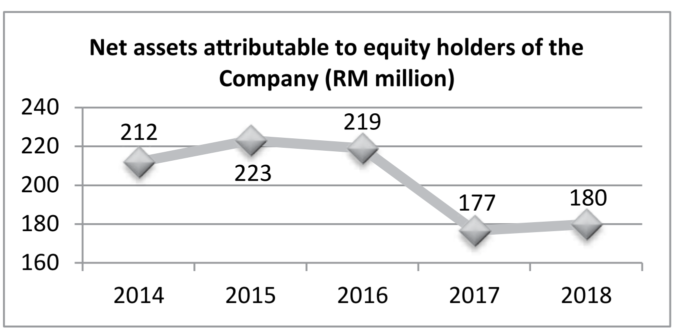


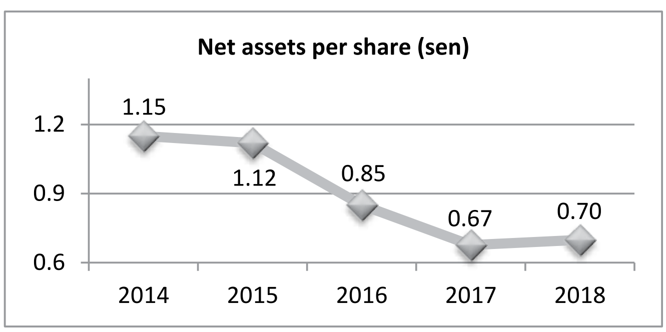






Financial Positions	2018	2017	2016	2015	2014
Total assets (RM'000)	254,131	249,529	299,152	301,594	289,312
Total liabilities (RM'000)	74,254	72,264	80,432	78,483	77,399
Net assets attributable to equity holders of the Company (RM'000)	179,878	177,265	218,720	223,111	211,913
Number of ordinary shares issued and fully paid ('000 shares)	257,052	257,052	257,052	198,430	184,313
Net assets per share (RM)	0.70	0.69	0.85	1.12	1.15





STATISTICS ON SHAREHOLDINGS

AS AT 1 APRIL 2019

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Ordinary Shares	% of Issued Share Capital
Less than 100	648	16.06	21,020	0.01
100 - 1,000	1,179	29.21	705,053	0.27
1,001 - 10,000	1,385	34.32	5,479,621	2.14
10,001 - 100,000	685	16.97	23,851,057	9.28
100,001 to less than 5% of issued shares	135	3.34	57,334,646	22.30
5% and above of issued shares	4	0.10	169,661,026	66.00
Total	4,036	100.00	257,052,423	100.00

Directors' Shareholdings

All the Directors have no interest in the ordinary shares capital of the Company and its related companies.

Substantial Shareholders

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

No.	Name of Substantial Shareholders	No. of Ordinary Shares			
		Direct Interest	%	Deemed Interest	%
1	Perbadanan Kemajuan Negeri Perak Registered	141,682,309	55.12	-	-
2	KUB Malaysia Berhad	14,429,143	5.61	-	-
3	BI Credit & Leasing Berhad	13,549,574	5.27	-	-

Thirty Largest Shareholders

No.	Name of Shareholders	Number of Shares	%
1.	PERBADANAN KEMAJUAN NEGERI PERAK	128,682,309	50.06
2.	KUB MALAYSIA BERHAD	14,429,143	5.61
3.	BI CREDIT & LEASING BERHAD	13,549,574	5.27
4.	PERBADANAN KEMAJUAN NEGERI PERAK	13,000,000	5.06
5.	CHERRY BLOSSOM SDN BHD	4,038,686	1.57
6.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAN FOOK FONG (E-PPG)	3,933,700	1.53
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL (M96067)	3,216,100	1.25
8.	LIM HAN KONG	2,469,010	0.96
9.	JENNY WONG	2,401,700	0.93
10·	CHAN WAN MOI	1,322,429	0.51
11.	UOBM NOMINEES (TEMPATAN) SDN BHD UNITED OVERSEAS BANK (MALAYSIA) BHD (PCP)	1,146,606	0.45
12.	TAN ENG HAI	1,140,000	0.44
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NOMURA SINGAPORE LIMITED FOR LIM LIAN HOCK (410242)	1,050,000	0.41
14.	CHIN WAH YIN	1,020,000	0.40
15.	KOH SOOI KWANG	1,000,000	0.39
16.	CHIN KIAN FONG	989,220	0.38
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY CHOON HIONG (KKU/UOB)	874,900	0.34
18.	CHONG SIOW FAH	821,400	0.32
19.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEH SWEE HENG (MM1118)	807,700	0.31
20.	ADAM LEE BIN ABDULLAH	767,600	0.30
21.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SENG KOW	751,700	0.29
22.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT CHEE PHOOI PHOOI (CCTS)	750,000	0.29
23.	ZAINORAZUA BINTI ZAINUN	749,800	0.29
24.	CHEW CHEE BOR	708,200	0.28
25.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT GOH HONG MIN (CCTS)	673,300	0.26
26.	SIKAP UTAMA SDN BHD	644,850	0.25
27.	YAP KOK WAI	643,010	0.25
28.	CHUAH HUN LEONG	589,100	0.23
29.	TAN CHING CHING	544,872	0.21
30.	NG LIU SIE	534,100	0.21
	TOTAL	**203,249,009**	**79.05**

DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the financial year end and of the results and the cash flows of the Group and of the Company for that financial year.

In preparing these financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable Financial Reporting Standards in Malaysia have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

MAJUPERAK HOLDINGS BERHAD
(585389-X)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2018

MAJUPERAK HOLDINGS BERHAD (Company No. 585389-X)
(Incorporated in Malaysia)

<u>TABLE OF CONTENTS</u>

	Page No.
Corporate Information	i
Report of the Directors	1 - 7
Statement by the Directors	8
Statutory Declaration	9
Independent Auditors’ Report	10 - 14
Financial Statements	
Statements of Financial Position	15 - 16
Statements of Profit or Loss And Other Comprehensive Income	17
Consolidated Statement of Changes in Equity	18
Statement of Changes in Equity	19
Statements of Cash Flows	20 - 21
Notes to the Financial Statements	22 - 87

MAJUPERAK HOLDINGS BERHAD (Company No. 585389-X)
(Incorporated in Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mohd Ariff Bin Yeop Ishak Mohamed Shafeii Bin Abdul Gaffoor Ahmad Najmi Bin Kamaruzaman Amran Bin Alang Ahmad Y.B. Leong Cheok Keng Ir. Megat Shariffudin Bin Ibrahim Y.B. Muhamad Arafat Bin Varisai Mahamad
COMPANY SECRETARIES	:	Chan Eoi Leng (MAICSA 7030866) Chan Yoke Yin (MAICSA 7043743)
REGISTERED OFFICE	:	55A, Medan Ipoh 1A Medan Ipoh Bistari 31400 Ipoh Perak Darul Ridzuan
PRINCIPAL PLACE OF BUSINESS	:	No. 1-A, Blok A, Menara PKNP Jalan Meru Casuarina Bandar Meru Raya 30020 Ipoh Perak Darul Ridzuan
PRINCIPAL BANKS	:	Malayan Banking Berhad Bank Islam Malaysia Berhad CIMB Bank Berhad RHB Bank Berhad Affin Bank Berhad
AUDITORS	:	AljeffriDean (AF 1366) Chartered Accountants (Malaysia)

REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 6 to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial year	2,893,722	(3,460,763)
Attributable to non-controlling interests	1,019,751	-
Profit/(Loss) for the financial year attributable to owners of the parent	3,913,473	(3,460,763)

DIVIDEND

No dividends have been paid or declared since the end of the previous financial year. The directors do not recommend that a dividend to be paid in respect of the current financial year.

RESERVES AND PROVISIONS

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

REPORT OF THE DIRECTORS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

ISSUANCE OF SHARES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS OF THE COMPANY

The directors who held office since the date of the last report are as follows:

Mohd Ariff Bin Yeop Ishak*	(Appointed on 26.06.2018)
Mohamed Shafeii Bin Abdul Gaffoor*	(Appointed on 26.06.2018)
Ahmad Najmi Bin Kamaruzaman	(Appointed on 10.08.2018)
Amran Bin Alang Ahmad	(Appointed on 10.08.2018)
Y.B. Leong Cheok Keng	(Appointed on 10.08.2018)
Ir. Megat Shariffudin Bin Ibrahim	(Appointed on 10.08.2018)
Y.B. Muhamad Arafat bin Varisai Mahamad	(Appointed on 10.08.2018)
Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas	(Resigned on 25.06.2018)
Tuan Haji Mustapha Bin Mohamed*	(Resigned on 25.06.2018)
Y.B. Dato' Mohd Khusairi Bin Abdul Talib	(Resigned on 10.08.2018)
Y. Bhg. Dato' Aminuddin Bin Md Desa	(Resigned on 28.05.2018)
Y. Bhg. Dato' Mohd Azmi Bin Haji Othman*	(Resigned on 19.07.2018)
Y.B. Dato' Mohd Azhar Bin Jamaluddin	(Resigned on 25.06.2018)
Rustam Apandi Bin Jamaludin*	(Resigned on 01.10.2018)
Y. Bhg. Datuk Mahdi Bin Tan Sri Morad	(Resigned on 10.08.2018)

* Directors of the Company and certain subsidiaries

DIRECTORS OF THE SUBSIDIARIES

The following is a list of directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Abd Karim Nast Bin Mohd Alias	
Abdullah Bin Hj. Tawaf	
Ahmad Zamri Bin Abdul Samad	
Derwina Binti Mariman	
Mazlan Bin Dato' Shamsuddin	
Mohamed Khairi Bin Shafiei	
Noor Hayati Binti Ismail	
Ahmad Al-Hadi Bin Abdul Khalid	(Appointed on 09.10.2018)
Ku Adenan Bin Ku Ismail	(Appointed on 09.10.2018)
Kamarul Bahrin Bin Baharudin	(Appointed on 16.07.2018)
Salween Azila Binti Ahmad Tauffik	(Resigned on 01.03.2019)
Dato' Haji Abd Manaf Bin Hashim	(Resigned on 31.05.2018)
Ridzuan Bin Ibrahim	(Resigned on 04.06.2018)
Y.B. Dato' Sham Bin Mat Sahat	(Resigned on 10.07.2018)
Ahmad Hasbullah Bin Alias	(Resigned on 10.07.2018)
Maslin Sham Bin Haji Razman	(Resigned on 10.07.2018)
Dato' Haji Mohd Zolkafly Bin Haji Harun	(Resigned on 16.07.2018)
Zulkarnain Bin Ismail	(Resigned on 16.07.2018)
Chai Keat Chee	(Resigned on 24.08.2018)
Nik Azman Bin Nik Abdul Aziz	(Resigned on 10.10.2018)
Abdul Raheem Bin Mohamad	(Resigned on 28.09.2018)
Abdul Rahman Bin A. Nasir	(Resigned on 04.10.2018)
Rozahan Bin Osman	(Resigned on 03.09.2018)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as disclosed in Note 30 to the financial statements) 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.

REPORT OF THE DIRECTORS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS' INTERESTS

None of the other directors in office at the end of the financial year have interest in shares of the Company or its related corporations, during the financial year ended 31 December 2018.

DIRECTORS' REMUNERATION

The aggregate amounts of remunerations received/receivable by directors of the Group and of the Company for the financial year are disclosed in Note 30 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016 throughout the year, which provides appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM22,325.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

REPORT OF THE DIRECTORS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

OTHER STATUTORY INFORMATION

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

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

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

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

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

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

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

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

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

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than those disclosed in Note 36 to the financial statements.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet its obligations as and when they fall due.

REPORT OF THE DIRECTORS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

OTHER STATUTORY INFORMATION (CONTD.)

In the opinion of the directors:

a) The results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature.

b) no item, transaction or event of a material or unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

HOLDING CORPORATION

The directors regards Perbadanan Kemajuan Negeri Perak, a statutory body established under the Perak State Economic Development Corporation Enactment No. 3, 1967, as the holding corporation.

AUDITORS' REMUNERATION

During the financial year, the total amount paid to or receivable by the auditors as remuneration for their services rendered to the Group and the Company amounted to RM117,400 and RM24,700 respectively.

REPORT OF THE DIRECTORS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

AUDITORS

The retiring auditors, Messrs. AljeffriDean, have expressed their willingness to continue in office.

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

……………………………….
Mohd Ariff Bin Yeop Ishak

……………………………........................
Mohamed Shafeii Bin Abdul Gaffoor

Ipoh, Perak Darul Ridzuan

Date: 26 April 2019

STATEMENT BY THE DIRECTORS
Pursuant to Section 251 (2) of the Companies Act, 2016

We, **Mohd Ariff Bin Yeop Ishak** and **Mohamed Shafeii Bin Abdul Gaffoor**, being two of the directors of **Majuperak Holdings Berhad**, state that in the opinion of the directors, the accompanying financial statements set out on pages 15 to 87 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and financial performance and the cash flows of the Group and of the Company for the year then ended.

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

…………………………….....
Mohd Ariff Bin Yeop Ishak

……………………….........................
Mohamed Shafeii Bin Abdul Gaffoor

Ipoh, Perak Darul Ridzuan

Date: 26 April 2019

MAJUPERAK HOLDINGS BERHAD (Company No. 585389-X)
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251 (1) (b) of the Companies Act, 2016

I, **Ahmad Al-Hadi Bin Abdul Khalid (MIA No: 11619)**, being the officer primarily responsible for the financial management of **Majuperak Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on page 15 to 87 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)

by **Ahmad Al-Hadi Bin Abdul Khalid**)
I/C No: 641127-08-5049

at Ipoh, Perak Darul Ridzuan)

on this day of 26 April 2019) ……………………………………

Before me,

………………………………..
Mohd Firdaus bin Abdullah
No. A223

Commissioner for oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAJUPERAK HOLDINGS BERHAD (Company No.: 585389-X)
(Incorporated in Malaysia)

Report on the Financial Statements

Opinion

We have audited the financial statements of **Majuperak Holdings Berhad**, which comprise the statements of financial position of the Group and the Company as at **31 December 2018**, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 87.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAJUPERAK HOLDINGS BERHAD (CONT'D.)

Key audit matters	How our audit addressed the key audit matters
Impairment on goodwill on consolidation The Group's carrying value of goodwill on consolidation is disclosed in Note 13 to the financial statements. We identified the carrying value of the goodwill on consolidation as a key audit matter due to significant carrying amount as at 31 December 2018. The Group are required to annually test goodwill for impairment arising from impairment assessment. No impairment loss was recorded for goodwill in the current financial year.	• We assessed that the Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary companies. • The recoverable amount of a CGU is determined based on value-in-use calculations. The value-in-use calculation is determined using cash flow projections, based on forecast and budgets approved by management, discounted at rates which reflect risks relating to the relevant CGU.
Amount due from related companies The Group carries significant amount due from related companies disclosed in Note 20 to the financial statements. The assessment on the recoverability of amount due from related companies is significant to our audit as it involves significant management judgement and estimation of uncertainty in analysing past pattern payment, credit worthiness and is also affected by expected future market and economic conditions.	• At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.
Impairment of trade and other receivables As at 31 December 2018, the Group's carrying amount of receivables disclosed in Note 14 and 15 to the financial statements. The recoverability of receivables were assessed by the Group, which involves significant management judgement and assumptions in the evaluation of credit ratings of customers expected industry pattern and market information.	• We applied a significant level of judgement when considering management's assessment of impairment. • We also reviewed Group's policy in relation to the impairment on receivables. • We analysed the collections for receivables subsequent to year end. • We sent confirmations to assess the existence and recoverability of outstanding receivables.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAJUPERAK HOLDINGS BERHAD (CONT'D.)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAJUPERAK HOLDINGS BERHAD (CONT'D.)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAJUPERAK HOLDINGS BERHAD (CONT'D.)

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

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

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

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

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

Other Matters

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

AljeffriDean	**T. Nagarajan KMN**
AF 1366	No. 00824/03/2020 (J)
Chartered Accountants (M)	Chartered Accountant (M)

Ipoh, Perak Darul Ridzuan

Date: 26 April 2019

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	NOTE	GROUP 2018 RM	GROUP 2017 RM As Restated	COMPANY 2018 RM	COMPANY 2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	41,770,654	24,184,671	85,651	148,897
Investment in subsidiary companies	6	-	-	148,127,743	148,497,343
Investment in associates	7	-	-	-	-
Investment in jointly controlled entity	8	-	-	-	-
Other investments	9	12,010,836	12,292,491	200,000	200,000
Investment properties	10	5,456,308	5,542,731	145,521	149,173
Land held for property development	11	115,910,003	120,196,206	140,855	140,855
Development expenditure	12	2,945,132	3,573,404	1,527,895	1,527,895
Goodwill on consolidation	13	9,636,260	9,636,260	-	-
		187,729,193	175,425,763	150,227,665	150,664,163
Current assets					
Trade receivables	14	4,333,533	17,112,747	-	-
Other receivables, deposits and prepayments	15	6,195,882	8,064,809	1,430,034	1,595,107
Inventories	16	5,731,307	7,420,564	-	-
Property development cost	17	19,433,063	26,939,527	-	-
Amount due from holding corporation	18	6,607,110	766,550	9,541,574	8,736,559
Amount due from subsidiary companies	19	-	-	25,254,539	27,181,243
Amount due from related companies	20	18,077,986	11,217,317	9,055,109	9,759,459
Deposits, cash and bank balances	21	6,023,246	2,581,976	1,112,211	192,243
		66,402,127	74,103,490	46,393,467	47,464,611
TOTAL ASSETS		254,131,320	249,529,253	196,621,132	198,128,774

STATEMENTS OF FINANCIAL POSITION (CONT'D.)
AT 31 DECEMBER 2018

		GROUP		COMPANY	
	NOTE	2018 RM	2017 RM As Restated	2018 RM	2017 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	22	179,592,841	179,592,841	179,592,841	179,592,841
Share premium	23	-	-	-	-
Investment revaluation reserve	24	383,318	664,974	-	-
Accumulated losses		(178,369)	(4,091,842)	(3,587,105)	(126,342)
Shareholders' equity		179,797,790	176,165,973	176,005,736	179,466,499
Non-controlling interest	25	79,747	1,099,498	-	-
Total equity		179,877,537	177,265,471	176,005,736	179,466,499
LIABILITIES					
Current liabilities					
Trade payables		8,496,187	7,658,763	-	-
Other payables and accruals	26	19,888,066	21,241,822	3,438,962	3,377,168
Amount due to related companies	20	20,231,895	16,411,698	8,277,650	5,725,895
Bank borrowings	27	2,888,450	3,202,856	745,356	685,832
Finance lease payables	28	8,668	8,668	-	-
Provision for taxation		598,121	531,784	-	-
		52,111,387	49,055,591	12,461,968	9,788,895
Non-current liabilities					
Bank borrowings	27	10,053,428	10,923,380	8,153,428	8,873,380
Finance lease payables	28	10,860	15,191	-	-
Deferred taxation	29	12,078,108	12,269,620	-	-
		22,142,396	23,208,191	8,153,428	8,873,380
TOTAL LIABILITIES		74,253,783	72,263,782	20,615,396	18,662,275
TOTAL EQUITY AND LIABILITIES		254,131,320	249,529,253	196,621,132	198,128,774

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		GROUP		COMPANY	
		2018	2017	2018	2017
	NOTE	RM	RM	RM	RM
Revenue	3.18	26,580,209	11,290,958	-	-
Cost of sales		(9,695,503)	(4,208,776)	-	-
Gross profit		16,884,706	7,082,182	-	-
Other income		3,886,542	1,800,925	2,830,873	907,203
Administrative and operating expenses		(14,021,107)	(17,276,939)	(5,040,298)	(4,516,720)
Profit/(Loss) from operation	30	6,750,141	(8,393,832)	(2,209,425)	(3,609,517)
Finance costs	31	(2,418,699)	(2,078,526)	(1,191,981)	(725,332)
Profit/(Loss) before taxation		4,331,442	(10,472,358)	(3,401,406)	(4,334,849)
Taxation	32	(1,437,720)	(435,827)	(59,357)	(54,569)
Net profit/(loss) for the year		2,893,722	(10,908,185)	(3,460,763)	(4,389,418)
Other comprehensive income					
Item that may be subsequently reclassified to profit or loss:					
- Financial assets at fair value through other comprehensive income		(281,656)	-	-	-
- Fair value of available-for-sale financial assets		-	(154,189)	-	-
Net other comprehensive loss for the financial year		(281,656)	(154,189)	-	-
Total comprehensive income/(loss) for the year		2,612,066	(11,062,374)	(3,460,763)	(4,389,418)
Profit/(Loss) attributable to:					
Equity holders of the Company		3,913,473	(11,009,604)	(3,460,763)	(4,389,418)
Non-controlling interests		(1,019,751)	101,419	-	-
		2,893,722	(10,908,185)	(3,460,763)	(4,389,418)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		3,631,817	(11,163,793)	(3,460,763)	(4,389,418)
Non-controlling interests		(1,019,751)	101,419	-	-
		2,612,066	(11,062,374)	(3,460,763)	(4,389,418)
Earnings/(Loss) per share					
Basic	33	1.52 sen	(4.28) sen		

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

MAJUPERAK HOLDINGS BERHAD (Company No.: 585389-X)
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

GROUP

	NOTE	Share Capital RM	Investment Revaluation Reserve RM	Share Premium RM	Accumulated Profits/ (Losses) RM	Total RM	Non-controlling Interest RM	Total Equity RM
As at 31.12.2016 - As previously reported		128,526,212	819,163	51,066,629	37,309,450	217,721,454	998,079	218,719,533
Prior year adjustment	34	-	-	-	(30,391,688)	(30,391,688)	-	(30,391,688)
As at 31.12.2016 - As restated		128,526,212	819,163	51,066,629	6,917,762	187,329,766	998,079	188,327,845
Transfer to share capital	22/23	51,066,629	-	(51,066,629)	-	-	-	-
Total comprehensive loss for the financial year		-	(154,189)	-	(11,009,604)	(11,163,793)	101,419	(11,062,374)
As at 31.12.2017		179,592,841	664,974	-	(4,091,842)	176,165,973	1,099,498	177,265,471
Total comprehensive income for the financial year		-	(281,656)	-	3,913,473	3,631,817	(1,019,751)	2,612,066
As at 31.12.2018		179,592,841	383,318	-	(178,369)	179,797,790	79,747	179,877,537

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

STATEMENT OF CHANGES IN EQUITY (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

COMPANY

	NOTE	Share Capital RM	Share Premium RM	Accumulated Profits/ (Losses) RM	Total RM
As at 01.01.2017		128,526,212	51,066,629	4,263,076	183,855,917
Transfer to share capital	22/23	51,066,629	(51,066,629)	-	-
Total comprehensive loss for the financial year		-	-	(4,389,418)	(4,389,418)
As at 31.12.2017		179,592,841	-	(126,342)	179,466,499
Total comprehensive loss for the financial year		-	-	(3,460,763)	(3,460,763)
As at 31.12.2018		179,592,841	-	(3,587,105)	176,005,736

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES				
Cash collection from customer/receivables	25,871,542	19,806,687	-	-
Cash received from other income	1,477,679	20,028	1,471,047	-
Cash paid to employees	(969,519)	(816,325)	(141,507)	-
Cash paid for other expenses	(3,022,091)	(1,665,787)	(1,590,580)	(504,607)
Cash paid to trade payables	(2,642,127)	(4,035,537)	-	-
Cash paid to other payables	(2,542,212)	(3,112,829)	(174,994)	(778,398)
Cash paid to holding corporation	(9,474,932)	(12,166,974)	(1,720,047)	-
Cash paid to related companies	(6,833,704)	(258,608)	(537,245)	-
Cash paid to subsidiary companies	-	-	(272,096)	(4,539,486)
Cash received from holding corporation	813,687	3,741,540	120,000	3,388,560
Cash received from related companies	1,151,553	99,525	1,151,553	-
Cash received from subsidiary companies	-	-	4,004,422	590,840
Cash (paid)/received from director	(201,798)	80,000	-	-
Deposit paid	(131,400)	(100,639)	-	-
Deposit received from customer	21,325	102,480	-	-
Deposit received of sales of land	4,825,028	-	-	-
Cash refund from tax	170,654	236,705	-	-
Cash paid for tax	(705,976)	(859,041)	(78,181)	(60,690)
Net cash generated from/(used in) operating activities	7,807,709	1,071,225	2,232,372	(1,903,781)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest income received	106,831	165,489	12,238	6,400
Dividend received	-	24,808	-	-
Purchase of property, plant and equipment	-	(252,850)	-	(10,615)
Loss on disposal of investment securities	-	(28,696)	-	-
Proceed from disposal of property, plant and equipment	-	18,528	-	-
Development cost	(2,409,180)	(5,003,274)	-	-
Net cash (used in)/generated from investing activities	(2,302,349)	(5,075,995)	12,238	(4,215)

STATEMENTS OF CASH FLOWS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowing	-	2,670,625	-	2,670,625
Repayment of borrowings	(810,429)	(427,578)	(660,429)	(277,578)
Repayment of hire purchase	(4,332)	(8,668)	-	-
Interest paid	(875,399)	(960,980)	(664,213)	(743,867)
Net cash (used in)/generated from financing activities	(1,690,160)	1,273,399	(1,324,642)	1,649,180
Net increase/(decrease) in cash and cash equivalents	3,815,200	(2,731,371)	919,968	(258,816)
Cash and cash equivalents at beginning of the year	214,952	2,946,323	192,243	451,059
Cash and cash equivalents at end of the year	4,030,152	214,952	1,112,211	192,243
Represented by:				
Cash and bank balances	5,763,847	2,332,180	1,112,211	192,243
Fixed deposit with licensed bank	259,399	249,796	-	-
Bank overdraft	(1,993,094)	(2,367,024)	-	-
	4,030,152	214,952	1,112,211	192,243

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, domiciled and incorporated in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office is located at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan and principal place of business is located at No. 1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan..

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 6. There have been no significant changes in the nature of the activities during the financial year.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Group and of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

Historical cost is generally based on fair value of consideration given in exchange for goods and services.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market of the asset or liability. The principle or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset and liability, assuming that market participants act in their economic best interest.

2. BASIS OF PREPARATION (CONT'D.)

A fair value measurement of a non-financial asset 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2	Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3	Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Group and of the Company.

2.4 Adoption of amendments/improvements to MFRSs and IC Interpretations ("IC Int")

Except for the changes below, the Group and the Company have consistently applied the accounting policies set out in Note 3 to all years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new/amendments/improvements to MFRSs and Interpretation which are mandatory and relevant for the financial periods beginning on or after 1 January 2018.

Initial application of the new/amendments/improvements to MFRSs and Interpretation did not have material impact to the financial statements, except for:

2. BASIS OF PREPARATION (CONT'D.)

2.4 Adoption of amendments/improvements to MFRSs and IC Interpretations ("IC Int") (Cont'd.)

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory.

(i) Classification and measurement of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

Receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, these receivables will continue to be measured at amortised cost under MFRS 9. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

The Group and the Company did not have any significant impact on its statements of financial position or equity on applying the classification and measurement requirements of MFRS 9.

(ii) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

2. BASIS OF PREPARATION (CONT'D.)

2.4 Adoption of amendments/improvements to MFRSs and IC Interpretations ("IC Int") (Cont'd.)

The Group and the Company did not have any significant impact on its statements of financial position or equity on applying the classification and measurement requirements of MFRS 9.

MFRS 9 Financial Instruments

(iii) Impairment

MFRS 9 requires the Group and the Company to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group and the Company has applied the simplified approach and record lifetime expected losses on all trade receivables. The Group and the Company have determined that the loss allowance is insignificant to the financial statements.

(iv) Transition

Changes in accounting policies resulting from the adoption of MFRS 9 will generally be applied retrospectively, except as described below:

- The Group and the Company has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts (if any) of financial assets and financial liabilities resulting from the adoption of MFRS 9 generally will be recognised in retained earnings and reserves as at 1 January 2018.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. The Group and the Company did not have any significant impact of MFRS 15 adoption.

2. BASIS OF PREPARATION (CONT'D.)

2.5 Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

MFRSs and Amendments to MFRSs effective 1 January 2019:

Amendments to MFRS 128	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
MFRS 116	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 123 Borrowing cost (Annual improvements 2015 – 2017)

Amendments to MFRSs - effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associated and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The initial application of the abovementioned new/amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:

MFRS 16 Leases

MFRS 16 replaces MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

2. BASIS OF PREPARATION (CONT'D.)

2.5 Standards issued but not yet effective (Cont'd.)

MFRS 16 Leases (cont'd.)

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies MFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in MFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying MFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying MFRS 128 Investments in Associates and Joint Ventures.

IC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 and does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

2. BASIS OF PREPARATION (CONT'D.)

2.5 Standards issued but not yet effective (Cont'd.)

IC Interpretation 23 Uncertainty over Income Tax Treatment (cont'd.)

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Group and the Company will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between MFRS 10 and MFRS 128 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in MFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Amendments to MFRS 123 Borrowing costs

Amendments to MFRS 123 (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying assets is ready for its intended use or sale it become part of general borrowings.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries. Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group 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.

Investment in subsidiaries are accounted for in the Company's separate financial statements at cost. If an investment in a subsidiary is classified as held for sale, that investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.1 Basis of consolidation (Cont'd.)

The results of a subsidiary are included in the consolidated financial statements from the acquisition date until the date on which the Company ceases to control the subsidiary. Any difference between the fair value of the consideration received from the loss of control of a subsidiary and the carrying amount as at the date when control is lost, including the cumulative amount of any translation difference that relate to the subsidiary formerly recognised in other comprehensive income, is reclassified to consolidated profit or loss as a gain or loss. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to owners of the parent. Non-controlling interests in the profit or loss of the Group are also separately disclosed.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the owners of the parent.

All intragroup balances, transactions, income and expenses are eliminated in full.

3.2 Business combinations

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the Group allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria in MFRS 3 Business Combinations at their fair values, except for non-current assets and disposal groups that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.3 Jointly controlled entity

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting.

In the Company's separate financial statements, investment in jointly controlled entity is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.16.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

Long term leasehold land and buildings	Over lease term
Shophouses	50 years
Renovation	5 to 10 years
Plant and machinery, furniture, fittings and office equipment	5 to 10 years
Motor vehicles	5 years
Solar panel	20 years

Depreciation of an asset begins when it is ready for its intended use.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is included in profit or loss. Neither the sale proceeds nor any gain on derecognition is classified as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.5 Operating leases

Leases, where the Group and 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 statements 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 expenses, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting year in which they incurred.

3.6 Goodwill

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Goodwill arising on the acquisition of investments in associates or equity accounted jointly-controlled entities is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.7 Investment properties

Investment properties of the Group and of the Company principally comprising office and industrials buildings are held for long-term rental yields and are not substantially occupied by the Company. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

3.8 Investment in associates

Associate companies are companies in which the Company has significant influence, but no control, over their financial and operating policies.

The Group's investment in its associate companies are accounted for using the equity method. Under the equity method, investment in an associate company is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate company since the acquisition date.

The share of the results of an associate company is reflected in profit or loss. In addition, any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. Where there has been change recognised directly in the equity of an associate company, the Group recognises and discloses its share of this change, when applicable, in the statements of changes in equity. Unrealised gains or losses resulting from transactions between the Group and the associate companies are eliminated to the extent of the interest in the associate company.

When the Group's share of losses exceeds its interest in an associate company, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate company.

The financial statements of the associate company is prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associate company in line with those of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.8 Investment in associates (Cont'd.)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate companies. The Group determines at the end of the reporting date whether there is any objective evidence that the investment in the associate companies are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in associate companies and their carrying amount and recognise the amount in the "share of profit of associate companies" in profit or loss.

Upon loss of significant influence over an associate company, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associate company is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

3.9 Inventories

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 properties to completion.

3.10 Development expenditure

Development properties

Direct and indirect payments for projects under development are stated at cost in the financial statements. Such expenditures are capitalised until the project is enable to generate income. The policy of the recognition and measurement of impairment losses are in accordance with Note 3.16 to the financial statements.

Renewable energy development

Direct and indirect expenditure payments for solar energy projects under development are stated at cost in the financial statements. Such expenditures is capitalised until the project is enable to generate income. The policy of the recognition and measurement of impairment losses are in accordance with Note 3.16 to the financial statements.

The amount of development costs recognised as asset are amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.11 Amount due from contract customer

Amount due from contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in payables as amount due to contract customers. Where progress billings less than the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net debit balance on all such contracts is shown as accrued billings under current assets.

3.12 Land held for property development

Land held for property development representing lands held for future development are stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use. Such assets are transferred to development properties when significant development work is to be undertaken and is expected to complete within the normal operating cycle.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years. Cost associated with the acquisition of land includes price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

3.13 Property development cost

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 are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the statement of comprehensive income over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the statement of comprehensive income is shown under trade payables.

3.14 Accounting for hire purchase arrangements

Assets acquired under hire purchase arrangements are being capitalised and the corresponding obligations treated as liabilities in the financial statements. Finance costs are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire purchase payables. Assets acquired under hire purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.15 Financial instruments

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Financial assets – categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

a) financial assets at amortised cost (debt instruments);
b) financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
c) financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
d) financial assets at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.15 Financial instruments (Cont'd.)

(b) Financial assets – categorisation and subsequent measurement (Cont'd.)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the profit or loss. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.15 Financial instruments (Cont'd.)

(b) Financial assets – categorisation and subsequent measurement (Cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As MFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Group's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant QP stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised in 'fair value gains/losses on provisionally priced trade receivables' in the statement of profit or loss and other comprehensive income.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.15 Financial instruments (Cont'd.)

(b) Financial assets – categorisation and subsequent measurement (Cont'd.)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.15 Financial instruments (Cont'd.)

(b) Financial assets – categorisation and subsequent measurement (Cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(c) Financial liabilities – categorisation and subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.15 Financial instruments (Cont'd.)

(c) Financial liabilities – categorisation and subsequent measurement (cont'd.)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

<u>Loans and borrowings and trade and other payables</u>

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains or losses are recognised in the profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

<u>Derecognition</u>

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

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

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.16 Impairment of assets

(a) Non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the five-year.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.16 Impairment of assets (Cont'd.)

(b) Financial assets

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by MFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.16 Impairment of assets (Cont'd.)

(b) Financial assets (cont'd.)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3.17 Goods and service tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Company paid on purchases of business inputs can be deducted from output GST.

Expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expenses item as applicable; and

- payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The GST has been abolished and being replaced with Sales and Service Tax ("SST") commencing from 01 September 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.18 Revenue recognition

i) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated.

The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the stage of completion of development activity at the end of each reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

ii) Management service

Revenue from management service is recognised on an accrual basis.

iii) Sale of completed properties

Revenue relating to sale of completed properties is recognised, net of discounts, upon the transfer of significant risk and reward of ownership to the buyer.

iv) Solar energy

Revenue from solar energy is recognised on an accrual basis.

v) Interest income

Interest income is recognised on an accrual basis that reflects the effective yield on the asset.

vi) Merchandise

Sale of merchandise product is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the customers.

vii) Rental income

Rental income is recognised on an accrual basis.

viii) Dividend income

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.19 Employee benefits

i) Short-term employment benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as expense when the employees have rendered services to the Group and the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of bonus payments are recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

ii) Defined contribution plan

Contributions payable to the defined contribution plan are recognised as expense when the employees have rendered services to the Group and the Company.

iii) Termination benefits

Termination benefits are recognised as a liability and an expense when the Group and the Company are demonstrably committed to either terminate the employment of the employees before the normal retirement date, or provide termination benefits as a result of an offer made for voluntary redundancy. The Group and the Company are demonstrably committed to a termination when the Group and the Company have a detailed formal plan for the termination and are without realistic possibility of withdrawal.

Termination benefits in relation to the offer made to encourage voluntary redundancy are measured based on the number of employees expected to accept the offer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets when the Group and the Company incur the expenditure for the assets, incur borrowing costs and undertake activities that are necessary to prepare the assets for the intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended and ceased when substantially all the activities necessary to prepare the qualifying assets for the intended use or sale are complete.

Other borrowing costs are recognised as expense in profit or loss when they are incurred.

3.21 Cash and cash equivalents

The Group and the Company adopts the direct method in the preparation of statements of cash flows.

Cash and cash equivalents in statements of cash flows comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

3.22 Earnings per share

The Group presents basic earning per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company (net dividend of ICPS) by the weightage average number of ordinary shares outstanding during the period, adjusted for own share held.

3.23 Income tax

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current tax and deferred tax are charged or credited directly to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity. Current tax for current and prior periods is recognised as a liability to the extent unpaid. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.23 Income tax (Cont'd.)

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using the tax rates that have been enacted or substantially enacted by the end of the reporting period. Current tax assets and liabilities are offset only when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from initial recognition of goodwill and the initial recognition of assets or liabilities that is not a business combination and at the time of the transaction, affected neither accounting profit nor taxable profit.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expect to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period, and they are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part of the deferred tax assets to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.24 Segmental reporting

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

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

Segment revenue, results, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, results, assets and liabilities are determined after elimination of intragroup balances and intragroup transactions as part of the consolidation process.

3.25 Contingent liabilities

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

3.26 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivables fails to make payment when due.

Financial guarantee contracts are recognised initially as liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in the statements of comprehensive income over the period of guarantee. If the receivable fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical Judgements in Applying the Accounting Policies

The judgements, apart from those involving estimations described below, that the management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Deferred Tax Assets

Deferred tax assets are recognised for all unabsorbed capital allowances, unutilised business losses and unutilised investment tax allowance to the extent that it is probable that future taxable profits will be available against which the capital allowances, business losses and investment tax allowance can be recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Key Sources of Estimation Uncertainty

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

Allowance for Doubtful Debts

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Useful Lives of Property, Plant and Equipment and Investment Properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. The management exercises their judgement in estimating the useful lives of the depreciable assets. The Group and Company assess annually the useful lives of the property, plant and equipment and investment properties and if the expectation differs from the original estimate, such difference will impact the depreciation in the period in which such estimate has been charged.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future revenue from the CGU.

Income taxes/Deferred tax liabilities

Significant judgement is involved in determined the Company provision for income taxes. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognised tax liabilities based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the income tax provisions in the period in which such determined is made.

Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Long term leasehold land and buildings RM	Plant machinery, fixture and office equipment RM	Motor vehicles RM	Shop houses RM	Renovation RM	Solar Panel RM	Total RM
Net carrying amount as at 01.01.2018	6,645,512	391,076	246,900	36,771	132,861	16,731,551	24,184,671
Additions	-	151,302	-	-	19,161,098	-	19,312,400
Disposal	(59,411)	-	-	(35,820)	-	-	(95,231)
Depreciation	(142,741)	(167,088)	(126,765)	(951)	(265,774)	(927,867)	(1,631,186)
Net carrying amount as at 31.12.2018	6,443,360	375,290	120,135	-	19,028,185	15,803,684	41,770,654
As at 31.12.2018							
At cost/revaluation	8,840,635	2,645,805	1,479,070	-	19,340,707	18,557,351	50,863,568
Accumulated depreciation	(2,397,275)	(2,270,515)	(1,358,935)	-	(312,522)	(2,753,667)	(9,092,914)
Net carrying amount	6,443,360	375,290	120,135	-	19,028,185	15,803,684	41,770,654

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

GROUP

	Long term leasehold land and buildings RM	Plant machinery, fixture and office equipment RM	Motor vehicles RM	Shop houses RM	Renovation RM	Solar Panel RM	Total RM
As restated							
Net carrying amount as at 01.01.2017	6,722,053	576,019	439,485	38,039	143,851	17,332,741	25,252,188
Additions	-	60,811	-	-	-	312,361	373,172
Disposal	-	-	(2)	-	-	-	(2)
Depreciation	(76,541)	(245,754)	(192,583)	(1,268)	(10,990)	(913,551)	(1,440,687)
Net carrying amount as at 31.12.2017	6,645,512	391,076	246,900	36,771	132,861	16,731,551	24,184,671
As at 31.12.2017							
As restated							
At cost/revaluation	8,943,366	2,494,503	1,479,070	63,399	179,609	18,557,351	31,717,298
Accumulated depreciation	(2,297,854)	(2,103,427)	(1,232,170)	(26,628)	(46,748)	(1,825,800)	(7,532,627)
Net carrying amount	6,645,512	391,076	246,900	36,771	132,861	16,731,551	24,184,671

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

COMPANY

	Office equipment RM	Motor vehicles RM	Total RM
Net carrying amount as at 01.01.2018	148,896	1	148,897
Depreciation	(63,246)	-	(63,246)
Net carrying amount	85,650	1	85,651
As at 31.12.2018			
At cost	383,670	177,200	560,870
Accumulated depreciation	(298,020)	(177,199)	(475,219)
Net carrying amount	85,650	1	85,651
Net carrying amount as at 01.01.2017	207,201	1	207,202
Addition	10,615	-	10,615
Depreciation	(68,920)	-	(68,920)
Net carrying amount	148,896	1	148,897
As at 31.12.2017			
At cost	383,670	177,200	560,870
Accumulated depreciation	(234,774)	(177,199)	(411,973)
Net carrying amount	148,896	1	148,897

Certain motor vehicles of the Group with the net carrying amount of RM1 (2017: RM12,279) were acquired under hire purchase arrangements.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY 2018 RM	2017 RM
Investment in subsidiaries	149,218,603	149,218,603
Less: Accumulated impairment losses	(1,090,860)	(721,260)
Carrying amounts	148,127,743	148,497,343

Details of the Company's subsidiaries as at 31 December 2018 are as follows:

Name of Subsidiaries	Shareholding (%) 2018	2017	Principal Activities
Syarikat Majuperak Berhad	100	100	Property development
Majuperak Energy Resources Sdn. Bhd.	100	100	Property development
Majuperak Development Berhad	100	100	Management services
Majuperak Property Management Sdn. Bhd.	100	100	Property management
Majuperak Land Sdn. Bhd.	100	100	Property management
Majuperak Bio Resources Sdn. Bhd.	100	100	Contract management
Held through Syarikat Majuperak Berhad:			
Majuperak Properties Sdn. Bhd.	100	100	Property development
Majuperak Bina Sdn. Bhd.	100	100	Property development
Bihun Jaya (Perak) Sdn. Bhd.	62	62	Dormant
Held through Majuperak Development Berhad:			
Majuperak Utilities Management Sdn. Bhd.	100	100	Dormant
Tenaga Danawa Sdn. Bhd.	100	100	Property development
Jua Juara Sdn. Bhd.	100	100	Property development

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Name of Subsidiaries	Shareholding (%) 2018	Shareholding (%) 2017	Principal Activities
Held through Majuperak Energy Resources Sdn. Bhd.:			
Majuperak Power Resources Sdn. Bhd. (Formerly known as Majuperak Kinta Hydro Sdn. Bhd.)	100	100	Dormant
Held through Majuperak Land Sdn. Bhd.:			
Majuperak Realty Sdn. Bhd.	51	51	Dormant
Held through Majuperak Properties Sdn. Bhd.:			
Nexus Jade Sdn. Bhd.	51	51	Merchandise sourcing and supply business

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

	Bihun Jaya (Perak) Sdn. Bhd. RM	Majuperak Realty Sdn. Bhd. RM	Nexus Jade Sdn. Bhd. RM	Total RM
31 December 2018				
NCI percentage of ownership interest and voting interest	38%	49%	49%	
Carrying amount of NCI	479,578	134,111	(533,942)	79,747
31 December 2017				
NCI percentage of ownership interest and voting interest	38%	49%	49%	
Carrying amount of NCI	493,689	136,392	469,417	1,099,498

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Summarised financial information on subsidiaries with material NCI:

i. Summarised statement of comprehensive income

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	-	-	-	-	1,295,945	5,198,110
Cost of sales	-	-	-	-	(1,089,036)	(2,715,899)
	-	-	-	-	206,909	2,482,211
(Loss)/Profit before taxation	(37,135)	(64,486)	(4,655)	(5,905)	(1,678,016)	328,162
Taxation	-	-	-	-	(369,656)	(65,270)
(Loss)/Profit for the year	(37,135)	(64,486)	(4,655)	(5,905)	(2,047,672)	262,892
Total comprehensive (loss)/income for the year	(37,135)	(64,486)	(4,655)	(5,905)	(2,047,672)	262,892
Total comprehensive (loss)/income allocated to NCI	(14,111)	(24,505)	(2,281)	(2,893)	(1,003,359)	128,817

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Summarised financial information on subsidiaries with material NCI (Cont'd.):

ii. Summarised statement of financial position

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Current						
Assets	4,679	8,503	447,828	447,828	1,253,657	6,333,479
Liabilities	(185,102)	(172,099)	(176,132)	(171,477)	(2,533,237)	(5,602,021)
Total current net (liabilities)/assets	(180,423)	(163,596)	271,696	276,351	(1,279,580)	731,458
Non-current						
Assets	582,336	602,644	-	-	189,902	226,536
Total non-current assets	582,336	602,644	-	-	189,902	226,536
Net assets	401,913	439,048	271,696	276,351	(1,089,678)	957,993

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Summarised financial information on subsidiaries with material NCI (Cont'd.):

iii. Summarised statement of cash flows

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Net cash (used in)/generated from operating activities	(3,824)	(48)	-	(116)	229,297	(1,007,735)
Net cash used in investing activities	-	-	-	-	-	(28,696)
Net (decrease)/ increase in cash and cash equivalents	(3,824)	(48)	-	(116)	229,297	(1,036,431)
Cash and cash equivalents at beginning of the year	8,503	8,551	295,830	295,946	42,652	1,079,083
Cash and cash equivalents at end of the year	4,679	8,503	295,830	295,830	271,949	42,652

7. INVESTMENT IN ASSOCIATES

	GROUP	
	2018	**2017**
	RM	**RM**
Unquoted shares at cost	97,965	97,965
Allowance for diminution in value	(97,965)	(97,965)
	-	-

Details of the associates companies, which is incorporated in Malaysia as follows:

Name of company	**Shareholding (%) 2018**	**2017**	**Principal activities**
Held through Syarikat Majuperak Berhad:			
Konsodium Bihun Jaya Sdn. Bhd.*^	30	30	Dormant
Held through Majuperak Properties Sdn. Bhd.:			
Brewster Village Sdn. Bhd.*^	30	30	Event management

* These financial statements are not audited by AljeffriDean.

^ The Group has discontinued recognition of its share of losses as the share of accumulated losses of the associate has exceeded the Group's investment in that associate

The Group's share of revenue and net loss of associates are as follows:

	2018	**2017**
	RM	**RM**
Revenue	1,515,799	646,560
Net profit/(loss) for the year	87,152	(223,320)

The Group's share of assets and liabilities of associates are as follows:

	2018	**2017**
	RM	**RM**
Non-current assets	2,626,948	3,184,445
Current assets	322,845	277,511
Current liabilities	(293,948)	(247,944)

8. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	GROUP 2018 RM	GROUP 2017 RM
Unquoted shares - at cost:	1,000,000	1,000,000
Share of post - acquisition loss	(1,000,000)	(1,000,000)
	-	-

The Company's aggregate share of the current assets, non-current assets, current liabilities, income and expenses of the jointly controlled entity are as follows:

	2018 RM	2017 RM
Assets and liabilities		
Current assets	1,485,051	1,619,410
Non-current assets	3,644,653	3,918,463
Total assets	5,129,704	5,537,873
Current liabilities	(9,420,167)	(8,970,346)
Results		
Revenue	85,245	129,555
Cost of sales	(816,348)	(919,711)
Expenses	(126,886)	(440,933)

Details of the jointly controlled entity, which is incorporated in Malaysia as follows:

Name of company	Shareholding (%) 2018	Shareholding (%) 2017	Principal activities
Held through Majuperak Bio Resources Sdn. Bhd.:			
Majuperak Go Green Sdn. Bhd.	50	50	Bamboo based products

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. OTHER INVESTMENTS

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Financial assets at fair value through other comprehensive income				
At fair value				
Quoted shares	1,091,918	-	-	-
Unquoted shares	10,918,918	-	200,000	-
	12,010,836	-	200,000	-
Available-for-sale financial assets				
At fair value				
Quoted shares	-	1,373,573	-	-
Unquoted shares	-	10,918,918	-	200,000
	-	12,292,491	-	200,000

10. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Balance as at beginning of the year	5,542,731	5,629,153	149,173	152,825
Depreciation	(86,423)	(86,422)	(3,652)	(3,652)
Balance as at end of the year	5,456,308	5,542,731	145,521	149,173
At cost/valuation	7,283,025	7,283,025	182,620	182,620
Accumulated depreciation	(1,826,717)	(1,740,294)	(37,099)	(33,447)
Net carrying amount	5,456,308	5,542,731	145,521	149,173
Fair value	7,900,000	7,900,000	300,000	300,000
Representing item at:				
Cost	3,638,025	3,638,025	182,620	182,620
Valuation - 1991	3,645,000	3,645,000	-	-
	7,283,025	7,283,025	182,620	182,620

11. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP		COMPANY	
	2018 RM	2017 RM As restated	2018 RM	2017 RM
At cost:				
Balance as at beginning of the year	120,196,206	118,642,953	140,855	140,855
Addition	1,614,259	1,553,253	-	-
	121,810,465	120,196,206	140,855	140,855
Cost charged to statements of comprehensive income	(4,566,515)	-	-	-
Transfer to property, development cost	(537,620)	-	-	-
Impairment	(796,327)	-	-	-
Balance as at end of the year	115,910,003	120,196,206	140,855	140,855
Representing item at:				
Cost	35,514,634	35,234,322	140,855	140,855
Revaluation – 2002	80,395,369	84,961,884	-	-
	115,910,003	120,196,206	140,855	140,855

Certain land held for property development of the Group amounting to RM5,060,937 (2017: RM4,950,860) are held in trust and have been registered under the name of the holding corporation. The Group however, has been granted beneficial interest to the land pursuant to a transfer of assets and liabilities agreement and its supplementary agreement which had been mutually agreed between the Group and the holding corporation dated 28 December 2001 and 15 April 2002, respectively.

12. DEVELOPMENT EXPENDITURE

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Land	315,812	315,812	-	-
Development expenditure	2,629,320	3,257,592	1,527,895	1,527,895
	2,945,132	3,573,404	1,527,895	1,527,895

This is in respect of agriculture land and renewable energy development expenditure.

13. GOODWILL ON CONSOLIDATION

GROUP

	2018 RM	2017 RM
Purchased goodwill, at cost	89,479,467	89,479,467
Less: Accumulated impairment losses	(79,843,207)	(79,843,207)
Net carrying amount	9,636,260	9,636,260

14. TRADE RECEIVABLES

GROUP

	2018 RM	2017 RM
Trade receivables	10,494,995	20,946,784
Less: Allowance for doubtful debts	(6,161,462)	(3,834,037)
	4,333,533	17,112,747

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

	2018 RM	2017 RM
Neither past due nor impaired	1,504,223	439,849
1 to 30 days past due not impaired	88,124	214,037
31 to 60 days past due not impaired	63,607	748,854
61 to 90 days past due not impaired	66,522	532,031
91 to 180 days past due not impaired	143,399	354,687
More than 180 days past due not impaired	2,467,658	14,823,289
	4,333,533	17,112,747
Impaired	6,161,462	3,834,037
	10,494,995	20,946,784

Trade receivables that are neither past due nor impaired

Trade receivables that were neither past due nor impaired relate to customers for whom there were no default.

Trade receivables that are past due but not impaired

Based on past experience and no adverse information to date, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

14. TRADE RECEIVABLES (CONT'D.)

Movement in allowances accounts:

GROUP

	2018 RM	2017 RM
Beginning of the year	3,834,037	2,967,997
Addition	2,327,425	870,370
Bad debts written off	-	(4,330)
End of the year	6,161,462	3,834,037

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables, deposits and prepayment	10,782,602	12,651,030	1,430,034	1,595,107
Less: Allowances for doubtful debts	(4,586,720)	(4,586,221)	-	-
	6,195,882	8,064,809	1,430,034	1,595,107

16. INVENTORIES

GROUP

	2018 RM	2017 RM
At cost:		
Shop houses	1,698,547	1,959,037
Shop office	2,070,000	2,070,000
Bungalow	1,962,760	3,391,527
	5,731,307	7,420,564

3 units of unsold shophouses (2017: 5 units) at cost of RM288,727 (2017: RM481,210) is charged as security for credit facility granted to a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. PROPERTY DEVELOPMENT COST

GROUP

	2018 RM	2017 RM
Land	8,583,717	8,583,717
Development expenditure	210,555,249	206,648,925
Accumulated costs charged to statements of comprehensive income	(192,199,439)	(191,998,034)
	26,939,527	23,234,608
Development expenditure incurred during the year	8,757,862	7,297,851
Impairment	(135,414)	-
Transfer to property, plant and equipment	(16,560,514)	-
Transfer from development expenditure	537,620	-
Transfer to development expenditure	(43,018)	-
Transfer to ultimate holding corporation	(63,000)	-
Transfer to inventories	-	(3,391,527)
Cost charged out to statements of comprehensive income	-	(201,405)
Balance as at end of the year	19,433,063	26,939,527

GROUP

	2018 RM	2017 RM
Represented by:		
Land	8,583,717	8,583,717
Development expenditure	203,048,785	210,555,249
Accumulated costs charged to statements of comprehensive income	(192,199,439)	(192,199,439)
	19,433,063	26,939,527

Development costs that are expected to be completed within the normal operating cycle of 2 to 3 years are classified as current asset.

18. AMOUNT DUE FROM HOLDING CORPORATION

The holding corporation is Perbadanan Kemajuan Negeri Perak, a statutory body established under the Perak State Economic Development Corporation Enactment No. 3, 1967.

The amount due from holding corporation is unsecured, interest charged at rate of 7.11% (2017: 6%), and repayable on demand.

19. AMOUNT DUE FROM SUBSIDIARY COMPANIES

Amount due from subsidiary companies are unsecured, interest free and repayable on demand.

20. AMOUNT DUE FROM/(TO) RELATED COMPANIES

The amount due from related companies are unsecured, interest free and has no fixed terms of repayment. Interest rate is charged at 7.11% per annum is on amount owing of RM6,079,311 by certain related company. All other amounts are interest free.

The amount due to related companies are unsecured and has no fixed terms of repayment. Interest rate is charged at 6.81% (2017: 6%) per annum is on amount owing of RM10,614,155 (2017: RM6,943,817) by certain related company. All other amounts are interest free.

21. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Fixed deposit with licensed bank	259,399	249,796	-	-
Cash and bank balances	5,763,847	2,332,180	1,112,211	192,243
	6,023,246	2,581,976	1,112,211	192,243

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. DEPOSITS, CASH AND BANK BALANCES (CONT'D.)

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following as at the statements of financial position date :-

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed deposit with licensed bank	259,399	249,796	-	-
Cash and bank balances	5,763,847	2,332,180	1,112,211	192,243
	6,023,246	2,581,976	1,112,211	192,243
Less : Bank overdraft	(1,993,094)	(2,367,024)	-	-
	4,030,152	214,952	1,112,211	192,243

Included in the Group's cash and bank balances are amounts of RM346,500 (2017: RM340,304) subjected to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

22. SHARE CAPITAL

GROUP AND COMPANY

	2018 RM	2017 RM
Issued and fully paid:		
257,052,423 ordinary shares with no par value		
As at beginning of year	179,592,841	128,526,212
Transition to no par value regime: - Share premium	-	51,066,629
As at end of year	179,592,841	179,592,841

23. SHARE PREMIUM

GROUP AND COMPANY

	2018 RM	2017 RM
As at beginning of the year	-	51,066,629
Transition to no par value regime: Transfer to share capital	-	(51,066,629)
Balance as at end of the year	-	-

24. INVESTMENT REVALUATION RESERVE

GROUP

	2018 RM	2017 RM
As at beginning of the year	664,974	819,163
Effect of adopting the fair value measurement on security available-for-sale	(281,656)	(154,189)
As at end of the year	383,318	664,974

Investment revaluation reserve comprises the cumulative net change in the fair value through other comprehensive income (2017: fair value of available-for-sale financial assets) until the investment are derecognised or impaired.

25. NON-CONTROLLING INTEREST

GROUP

This consists of the non-controlling shareholders' proportion of share capital and reserves of subsidiaries.

26. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	16,969,821	18,495,417	2,545,683	2,561,150
Retention sum	45,526	45,526	-	-
Deposit and accruals	2,872,719	2,700,879	893,279	816,018
	19,888,066	21,241,822	3,438,962	3,377,168

27. BANK BORROWINGS

	GROUP		COMPANY		Effective profit/ interest rate
	2018 RM	2017 RM	2018 RM	2017 RM	
Not later than 1 year:					
Secured loan	150,000	150,000	-	-	5.1%
Term loan	745,356	685,832	745,356	685,832	10.75%
Bank overdraft	1,993,094	2,367,024	-	-	4%
Short term borrowings	2,888,450	3,202,856	745,356	685,832	
Later than 1 year and not later than 5 years:					
Secured loan	750,000	750,000	-	-	5.1%
Term loan	3,726,780	3,429,160	3,726,780	3,429,160	10.75%
	4,476,780	4,179,160	3,726,780	3,429,160	
Later than 5 years:					
Secured loan	1,150,000	1,300,000	-	-	5.1%
Term loan	4,426,648	5,444,220	4,426,648	5,444,220	10.75%
	5,576,648	6,744,220	4,426,648	5,444,220	
Long term borrowings	10,053,428	10,923,380	8,153,428	8,873,380	
Total borrowings	12,941,878	14,126,236	8,898,784	9,559,212	

27. BANK BORROWINGS (CONT'D.)

i) Secured loan ("Bai-Bithaman Ajil") is secured by a property of the Group. The secured loan profit charged at a rate of 5.1%. The repayment is within 240 months and commenced on September 2012.

ii) Term loan relates to Business Financing-I ("Tawarruq") up to RM10,000,000 to finance the refurbishment and renovation cost of Silveritage Galleria Complex. The term loan is secured by way of first legal charge over the leasehold land attached with building. The term loan profit charged at rate of 10.75% and the repayment is within 132 month and commenced on July 2016. This financing has been disbursed based on progressive claim.

iii) The bank overdraft facility of the Group is secured by a first and second, third and fourth fixed charges amounting to RM1.5 million (2017: RM1.5 million) over certain properties of the Group. The bank overdraft bears interest at a rate of 4% (2017: 4%).

28. FINANCE LEASE PAYABLES

GROUP

	2018 RM	**2017 RM**
Minimum finance lease payment:		
Not later than 1 year	10,968	11,040
Later than 1 year and not later than 5 years	13,391	18,803
	24,359	29,843
Future finance charges	(4,831)	(5,984)
Present value of finance lease liabilities	19,528	23,859
Present value of finance lease liabilities:		
Not later than 1 year	8,668	8,668
Later than 1 year and not later than 5 years	10,860	15,191
	19,528	23,859

The effective interest rate per annum of the finance lease payables at the statement of financial position date is 2.58% (2017: 2.58%).

29. DEFERRED TAXATION

GROUP

	2018 RM	2017 RM As restated
As at beginning of the year	12,269,620	12,314,656
Charged from statement of comprehensive income (Note 32)	(191,512)	(45,036)
As at end of the year	12,078,108	12,269,620

The deferred tax, determined before appropriate offsetting as follows:

Deferred tax assets	(205,439)	(205,439)
Deferred tax liabilities	12,283,547	12,475,059
	12,078,108	12,269,620

Deferred taxation are in respect of the following items:

	2018 RM	2017 RM As restated
Unutilised tax losses	(205,439)	(205,439)
Capital allowances excess depreciation	29,376	12,970
Revaluation	12,254,171	12,493,855
Provisions	-	(31,766)
	12,078,108	12,269,620

30. PROFIT/(LOSS) FROM OPERATION

Profit/(Loss) from operation is arrived at after charging/(crediting):

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Audit fee	117,400	117,400	24,700	24,700
Allowances for doubtful debts	2,327,924	4,912,827	-	-
Bad debt written off	-	5,189	-	-

30. PROFIT/(LOSS) FROM OPERATION (CONT'D.)

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Remunerations of key personnel management				
- fee – current year	342,500	380,250	342,500	380,250
- fee – over provision in prior year	(182,750)	-	(182,750)	-
- other than fee	559,953	687,659	378,953	425,659
Depreciation of property, plant and equipment	1,631,186	1,440,687	63,246	68,920
Depreciation of investment properties	86,423	86,422	3,652	3,652
Impairment on investment in subsidiary company	-	-	369,600	-
Impairment of inventory	700	-	-	-
Impairment of land held for property development	796,327	-	-	-
Impairment of property, development cost	135,414	-	-	-
Rental of premises	583,802	606,379	422,798	435,379
Staff cost:				
- Short term benefit	4,077,074	3,485,175	2,100,423	1,247,306
- EPF and pension contribution	687,158	629,756	381,692	266,752
Gain on disposal of property, plant and equipment	-	(18,528)	-	-
Interest income	(109,524)	(588,956)	(13,998)	(6,396)
Interest charged to related companies	(432,239)	-	(714,215)	(402,285)
Interest charged to holding corporation	(1,543,938)	(1,081,971)	(633,373)	(494,522)
Rental income	(271,859)	(151,178)	-	-
Waiver of payables	-	(6,580)	-	-

Remunerations of key personnel management comprise the following:

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Directors fee:				
Executive directors	58,750	45,000	58,750	45,000
Non-executive directors	283,750	335,250	283,750	335,250
	342,500	380,250	342,500	380,250

30. PROFIT/(LOSS) FROM OPERATION (CONT'D.)

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors others than fee:				
Executive directors salary	378,953	425,659	378,953	425,659
Non-executive directors allowances	181,000	262,000	-	-
	559,953	687,659	378,953	425,659

The number of directors of the Group whose total salary or other emoluments during the year fell within the following bands is analysed below:

	Number of directors	
	2018	2017
Executive directors:		
Less than RM150,000	1	1
RM150,001 – RM350,000	1	1

	Number of directors	
	2018	2017
Non-executive directors:		
RM10,001 – RM20,000	7	1
RM20,001 – RM30,000	14	4
RM30,001 – RM40,000	-	1
RM40,001 – RM60,000	-	8

31. FINANCE COSTS

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Secured loan profit	93,763	89,577	-	-
Term loan profit	664,213	402,285	664,213	402,285
Interest on related companies	722,824	416,629	527,768	323,047
Interest on holding corporation	820,476	1,042,498	-	-
Hire purchase interest	1,152	2,300	-	-
Bank overdraft interest	116,271	125,237	-	-
	2,418,699	2,078,526	1,191,981	725,332

32. TAXATION

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Provision for the year	598,121	442,420	-	-
Under provision in prior year	1,031,111	38,443	59,357	54,569
Deferred tax expenses relating to the origination and reversal of temporary differences (Note 29)	(191,512)	(45,036)	-	-
	1,437,720	435,827	59,357	54,569

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit/(Loss) before taxation	4,331,442	(10,472,358)	(3,401,406)	(4,334,849)
Malaysia statutory tax rate :				
- at 24%	1,039,548	(2,513,366)	(816,337)	(1,040,364)
Income not subject to tax	(4,231,004)	(517,665)	-	-
Tax effect on expenses not deductible for tax purposes	2,379,380	2,192,324	248,287	373,011
Tax effect on utilisation of unabsorbed capital allowances and tax losses	(27,672)	(219,505)	-	-
Under provision in prior year	1,031,111	38,443	59,357	54,569
Deferred tax assets not recognised during the year	1,246,357	1,455,596	568,050	667,353
Tax expenses for the year	1,437,720	435,827	59,357	54,569

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		GROUP	
	2018	2017	2018	2017
	RM	RM	RM	RM
Unabsorbed capital allowances	321,810	1,837,090	81,654	360,694
Unutilised tax losses	17,859,265	22,485,138	1,698,119	9,836,600
	18,181,075	24,322,228	1,779,773	10,197,294

32. TAXATION (CONT'D.)

The above unabsorbed capital allowances and unutilised tax losses are available indefinitely for offset against future taxable profit subject to the approval with the Inland Revenue Board. Deferred tax assets have not been recognised in respect of this item due to uncertainty of its recoverability.

33. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated by dividing the Group's net profit/(loss) attributable to shareholders (net dividend of ICPS) by the weighted average number of shares in issue during the year.

	GROUP	
	2018	**2017**
	RM	**RM**
Net income/(loss) attributable to shareholders	3,913,473	(11,009,604)
Weighted average number of ordinary shares in issue	257,052,423	257,052,423
	SEN	**SEN**
Basic earnings/(loss) per share	1.52	(4.28)

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is disclosed in these financial statements as there is no dilutive potential ordinary share.

34. PRIOR YEARS ADJUSTMENT

The adjustment of RM30,391,688 arising from reversal of fair value of the land held for property development due to disposal of land which was not taken up in prior years.

35. SEGMENTAL REPORTING

i) Business segment

31 December 2018

	Property development RM	Property management RM	Solar RM	Merchandise and others RM	Total RM
Revenue	20,233,426	1,544,100	2,427,816	2,374,867	26,580,209
Results					
Segment result	11,118,089	(1,685,499)	665,178	(5,766,326)	4,331,442
Taxation					(1,437,720)
Net loss for the year					2,893,722
Non-controlling interest					1,019,751
Net loss for the year attributable to equity holders of the Company					3,913,473

31 December 2017

	Property development RM	Property management RM	Merchandise RM	Others RM	Total RM
Revenue	2,200,297	808,035	5,172,670	3,109,956	11,290,958
Results					
Segment result	(1,756,969)	574,278	302,722	(9,592,389)	(10,472,358)
Taxation					(435,827)
Net profit for the year					(10,908,185)
Non-controlling interest					(101,419)
Net profit for the year attributable to equity holders of the Company					(11,009,604)

ii) Geographical segment

The segmental information is not presented by geographical segment as the Group's business activities are predominantly located in Malaysia.

36. CONTINGENT LIABILITIES

	GROUP	
	2018 **RM**	**2017** **RM**
Unsecured:		
Bank guarantee given to related parties for the purpose of utilities.	55,000	55,000

37. SIGNIFICANT RELATED PARTY TRANSACTION

For the purpose of these financial statements, parties are considered to be related to the Group or the Company has the ability, directly or indirectly, to control or jointly 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 or common significant influence.

a) Transaction within the Group

	2018 **RM**	**2017** **RM**
Advanced paid to holding corporation	9,474,932	-
Advanced received from holding corporation	813,687	3,388,560

b) Transaction with key personnel management

Key personnel management are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company. The details analysis of transactions made during the financial year are disclosed in Note 30 to the financial statements.

38. FINANCIAL INSTRUMENTS

Financial Risk Management

a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 to the Financial Statements describe how the classes of financial instruments are measured, and how income and expense, including fair value gains or losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

GROUP	Designated fair value through other comprehensive income RM	Amortised Cost RM	Total RM
At 31 December 2018			
Financial Assets			
Other investment	12,010,836	-	12,010,836
Trade receivables	-	4,333,533	4,333,533
Other receivables, deposit and prepayments	-	6,195,882	6,195,882
Amount due from holding corporation	-	6,607,110	6,607,110
Amount due from related companies	-	18,077,985	18,077,985
Deposit, cash and cash equivalents	-	6,023,246	6,023,246
	12,010,836	41,237,756	53,248,592
Financial Liabilities			
Trade payables	-	8,496,187	8,496,187
Other payables and accrual	-	19,888,066	19,888,066
Amount due to related companies	-	20,231,895	20,231,895
Bank borrowings	-	12,941,878	12,941,878
Finance lease payables	-	19,528	19,528
	-	61,577,554	61,577,554

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. FINANCIAL INSTRUMENTS (CONT'D.)

Financial Risk Management

GROUP	Loans and Receivables RM	Available-For-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
At 31 December 2017				
Financial Assets				
Trade receivables	17,112,747	-	-	17,112,747
Other receivables, deposit and prepayments	8,064,809	-	-	8,064,809
Amount due from holding corporation	766,550	-	-	766,550
Amount due from related companies	11,217,317	-	-	11,217,317
Other investments	-	12,292,491	-	12,292,491
Deposit, cash and cash equivalents	2,581,976	-	-	2,581,976
	39,743,399	12,292,491	-	52,035,890
Financial Liabilities				
Trade payables	-	-	7,658,763	7,658,763
Other payables and accrual	-	-	21,241,822	21,241,822
Amount due to related companies	-	-	16,411,698	16,411,698
Bank borrowings	-	-	14,126,236	14,126,236
Finance lease payables	-	-	23,859	23,859
	-	-	59,462,378	59,462,378

38. FINANCIAL INSTRUMENTS (CONT'D.)

Financial Risk Management

b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operation whilst managing its financial risks, including credit risks, liquidity and cash flow risk and interest rate risk. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transaction.

i) Credit risk

a) Receivables

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an on-going basis via management reporting procedure and action is taken to recover debts when due.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk arising from receivables is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

b) Other receivables and other financial assets

For other receivables and other financial assets (including deposits, cash and bank balances), the Company minimise credit risk by dealing exclusively with high credit rating counter parties. At the reporting date, the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

38. FINANCIAL INSTRUMENTS (CONT'D.)

i) Credit risk (Cont'd.)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

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

c) Inter-company balances

The Group and the Company provides unsecured loans and advances to related companies. Loans and advances are only provided to related companies which are wholly owned by the holding corporation.

Some inter-company loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayments of the loans are demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the inter-company loan.

Refer to Note 3.16 (b) for the Company's other accounting policies for impairment of financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. FINANCIAL INSTRUMENTS (CONT'D.)

ii) Liquidity and cash flow risk

The Group and the Company actively manage its debts maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

The table below summarises the maturity profile of the Group and of the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

GROUP

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2018				
Trade and other payables	28,384,253	-	-	28,384,253
Amount due to related companies	20,231,895	-	-	20,231,895
Bank borrowings	2,888,450	4,476,780	5,576,648	12,941,878
Finance lease payables	8,668	10,860	-	19,528
	51,513,266	4,487,640	5,576,648	61,577,554
At 31 December 2017				
Trade and other payables	28,900,585	-	-	28,900,585
Amount due to related companies	16,411,698	-	-	16,411,698
Bank borrowings	3,202,856	4,179,160	6,744,220	14,126,236
Finance lease payables	8,668	15,191	-	23,859
	48,523,807	4,194,351	6,744,220	59,462,378

38. FINANCIAL INSTRUMENTS (CONT'D.)

ii) Liquidity and cash flow risk (Cont'd.)

COMPANY

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2018				
Other payables	3,438,962	-	-	3,438,962
Amount due to related companies	8,277,650	-	-	8,277,650
Bank Borrowings	745,356	3,726,780	4,426,648	8,898,784
	12,461,968	3,726,780	4,426,648	20,615,396
At 31 December 2017				
Other payables	3,377,168	-	-	3,377,168
Amount due to related companies	5,725,895	-	-	5,725,895
Bank Borrowings	685,832	3,429,160	5,444,220	9,559,212
	9,788,895	3,429,160	5,444,220	18,662,275

iii) Interest rate risk

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group is exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Company.

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial asset and financial liability of the Group which have variable interest rates at the end of the reporting period would decrease profit before taxation by RM17,337 (2017: increase loss before taxation by RM18,376). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial asset and financial liability of the Group and the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. FINANCIAL INSTRUMENTS (CONT'D.)

iv) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables, payables, intercompany balances and short term borrowings including hire purchase are approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of investment properties are disclosed in Note 10 to the financial statements.

The fair values of quoted shares is determined directly by reference to its published market bid price at the financial year end.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2018 are not materially different from their carrying amounts.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statements of financial position) less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

38. FINANCIAL INSTRUMENTS (CONT'D.)

Capital Risk Management

The gearing ratios at 31 December 2018 and 2017 were as follow:

	GROUP		COMPANY	
	2018 RM	2017 RM As restated	2018 RM	2017 RM
Amount due to related companies	20,231,895	16,411,698	8,277,650	5,725,895
Bank borrowings	12,941,878	14,126,236	8,898,784	9,559,212
Finance lease payables	19,528	23,859	-	-
	33,193,301	30,561,793	17,176,434	15,285,107
Less: cash and cash equivalent	(4,030,152)	(214,952)	(1,112,211)	(192,243)
Net debt	29,163,149	30,346,841	16,064,223	15,092,864
Total equity	179,877,537	177,265,471	176,005,736	179,466,499
Total capital	209,040,686	207,612,312	192,069,959	194,559,363
Gearing ratio	13.95%	14.61%	8.36%	7.76%

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

39. FAIR VALUE HIERARCHIES OF FINANCIAL INSTRUMENTS

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2018 are as follows:

a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, (i.e. prices) or indirectly (i.e. derived from prices).

c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

39. FAIR VALUE HIERARCHIES OF FINANCIAL INSTRUMENTS (CONT'D.)

	Level 1 RM	Level 2 RM	Total RM
Group			
As at 31 December 2018			
Asset			
Financial assets at fair value through other comprehensive income	1,091,918	10,918,918	12,010,836
As at 31 December 2017			
Asset			
AFS Financial assets	1,373,573	10,918,918	12,292,491
Company			
As at 31 December 2018			
Asset			
Financial assets at fair value through other comprehensive income	-	200,000	200,000
As at 31 December 2017			
Asset			
AFS Financial assets	-	200,000	200,000

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 3 as at 31 December 2018 and 31 December 2017.

40. COMPARATIVES

Certain figures have been reclassified to conform with current year's presentation as follow:

	As Previously Reported RM	As Restated RM
Effect on the statements of the financial position:		
Property, plant and equipment	21,649,556	24,184,671
Land held for property development	168,349,693	120,196,206
Deferred tax liabilities	27,496,304	12,269,620
Accumulated profits/(losses)	26,299,846	(4,091,842)

41. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 26 April 2019.

This page is intentionally left blank.

ANNUAL REPORT 2018
REQUEST FORM

To
THE COMPANY SECRETARY
MAJUPERAK HOLDINGS BERHAD (585389-X)
55A Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan
Malaysia

Please send to me/us a printed full version of Majuperak Holdings Berhad Annual Report 2018.

Name of Shareholder (full name in block letters):

____

NRIC No./Passport No./Company No.: ______________________

CDS Account No.: ______________________

Mailing Address: ______________________

____

____

____

Tel. No.: ______________________

Date: ______________________

Signature of Shareholder: ______________________

Personal Data Privacy:
By submitting the request form, the shareholder consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010.

Then fold here

80 sen stamp
(within Malaysia)

THE COMPANY SECRETARY

MAJUPERAK HOLDINGS BERHAD 585389-X

55A Medan Ipoh 1A

Medan Ipoh Bistari

31400 Ipoh

Perak Darul Ridzuan

Malaysia

1st fold here

FORM OF PROXY

MAJUPERAK HOLDINGS BERHAD (585389–X)
(Incorporated In Malaysia)

No. of Shares Held	CDS Account No.	Telephone No.	E-mail Address

I/We, ____

NRIC No./Passport No./Company No. ___________________________ of ____

____ being a member of Majuperak Holdings Berhad hereby appoint the following person(s):

Name of Proxy & NRIC No.		No. of Ordinary Shares	%
1.			
or failing him/her			
2.			

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting ("AGM") of the Company to be held at Casuarina Convention Centre 3, Casuarina @ Meru Hotel, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on Wednesday, 26 June 2019 at 11.00a.m. and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

No.	Resolutions	Resolution No.	For	Against
1.	To approve the payment of Directors' Fees	Ordinary Resolution 1		
2.	To approve the payment of Directors' Benefits	Ordinary Resolution 2		
3.	Re-appointment Encik Mohd Ariff Bin Yeop Ishak	Ordinary Resolution 3		
4.	Re-appointment Encik Mohamed Shafeii Bin Abdul Gaffoor	Ordinary Resolution 4		
5.	Re-appointment Y.B. Leong Cheok Keng	Ordinary Resolution 5		
6.	Re-appointment Encik Ahmad Najmi Bin Kamaruzaman	Ordinary Resolution 6		
7.	Re-appointment Encik Amran Bin Alang Ahmad	Ordinary Resolution 7		
8.	Re-appointment Encik Ir. Megat Shariffudin Bin Ibrahim	Ordinary Resolution 8		
9.	Re-appointment Y.B. Muhamad Arafat Bin Varisai Mahamad	Ordinary Resolution 9		
10.	Re-appointment of Messrs AljeffriDean as Auditors of the Company	Ordinary Resolution 10		
11.	Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act, 2016	Ordinary Resolution 11		
12.	Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for the Recurrent Related Party Transactions of A Revenue or Trading Nature	Ordinary Resolution 12		
13.	Proposed Adoption of New Constitution of the Company	Special Resolution 1		

Please indicate with (✓) or (X) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

______________________ Date

______________________ Signature of Shareholder/Common Seal

NOTES:

1. Only members whose names appear on the Record of Depositors as at 17 June 2019 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
2. A member (other than an exempt authorised nominee) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies. The appointed proxy/proxies must be at least 18 years and above and may but need not be member/members of the Company.
3. A member shall not be entitled to appoint more than two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds but the proportion of holdings to be represented by each proxy must be specified.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing proxy must be initialed.
6. The instrument appointing a proxy must be deposited with the Company Secretaries at 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.
7. For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original card of that other person.
8. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of Sixteenth Annual General Meeting will be put to vote on a poll.
9. The registration for the above Meeting will commence on Wednesday, 26 June 2019 at 9.45 a.m.
10. Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

Then fold here

80 sen stamp
(within Malaysia)

THE COMPANY SECRETARY

MAJUPERAK HOLDINGS BERHAD 585389-X

55A Medan Ipoh 1A

Medan Ipoh Bistari

31400 Ipoh

Perak Darul Ridzuan

Malaysia

1st fold here

MAJUPERAK HOLDINGS BERHAD (585389-X)
No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh, Perak Darul Ridzuan
Tel: (05) 5019 888/ 5019 588
Fax: (05) 5019 634
Website: www. majuperak.com.my