UNI WALL

UNI WALL APS HOLDINGS BERHAD

(1269520-X)

CORPORATE OVERVIEW

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2018

UNI WALL APS HOLDINGS BERHAD
(Company No. 1269520-X)
(Incorporated in Malaysia)

CORPORATE OVERVIEW 31 DECEMBER 2018

- **CORPORATE STRUCTURE**
- **CORPORATE DIRECTORY**
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CORPORATE STRUCTURE

UNI WALL APS HOLDINGS BERHAD

Date of Incorporation : 23rd February 2018

Principal Activity : Investment Holding

Wholly owned subsidiary

UNI WALL ARCHITECTURAL PRODUCTS AND SERVICES SDN BHD

Date of Incorporation : 20th April 1999

Principal Activities :Supplying, installation and fabrication of aluminium glazing green building facade

CORPORATE DIRECTORY

BOARD OF DIRECTORS

SIOW HON YONG
Executive Chairman

SIOW HON YUEN
Managing Director/Chief Executive Officer

SIEW CHOON JERN
Non-Executive Director

BUSINESS OFFICE

WISMA UNI WALL
LOT 85, Jalan Kesuma 2/3,
Bandar Tasik Kesuma,
43700 Semenyih, Selangor.
Tel No +603-8723 1088

COMPANY SECRETARY

TAN TONG LANG (MAICSA 7045482)
c/o Boardroom.com Sdn Bhd
Suite 10.02, Level 10
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel No +603-2298 0263

AUDITORS AND REPORTING ACCOUNTANTS

UHY (AF1411)
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur,
Wilayah Persekutuan.
Tel No +603-2279 3088

REGISTRAR

Boardroom.com Sdn Bhd
Suite 10.02, Level 10,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel No +603-2298 0263

STOCK EXCHANGE LISTING

Listed on LEAP Market of Bursa Malaysia Securities Berhad on 14 January 2019.
Stock Code : 03017-15
Stock Name : UNI WALL

CORPORATE MISSION

CUSTOMER SATISFACTION

To provide products and services of the highest quality and the greatest possible value to our customers, thereby gaining and holding their respect and loyalty

BASIC PRODUCTS

To provide superior quality fabrication of “Green Façade” aluminium architectural products for the building industry in order to meet the customer’s expectations.

PRODUCTIVITY

To utilize high-technology production, competencies and company’s interests, that offers opportunities for continuing growth and enables us to make a needed and profitable contribution.

SUSTAINABLE GROWTH

To achieve sufficient profit to finance our company growth and to provide the resources we need to achieve our other company’s objectives.

MANAGERIAL PHILOSOPHY

To adopt an error-free attitude, total involvement and continuous improvement in the company management. To provide a great working environment and treat each other with respect and dignity, with the employees as the greatest asset to the company’s management.

MARKET FOCUS

To honour our obligations to the building environment society by being an economic, intellectual and social asset to the construction industry and each community in which we operate.

PUBLIC IMAGE

To foster an excellent relationship with the stakeholders and other operation community to create a dynamic and progressive construction industry, at the same time emphasizing in the environmental issue.

COMPANY’S OBJECTIVES

TO ACHIEVE

Zero Complaint in Every Project

TO BE

The Leader In the field of “Green Building Façade”

Aluminium & Glazing Architectural Products

TO ADOPT

The Latest Technology in order to Enhance Company’s

Competitiveness and Products’ Quality

TO PROVIDE

Opportunities which Increase Productivity and Decrease

Employees’ Turnover

MESSAGE FROM CHAIRMAN, SIOW HON YONG

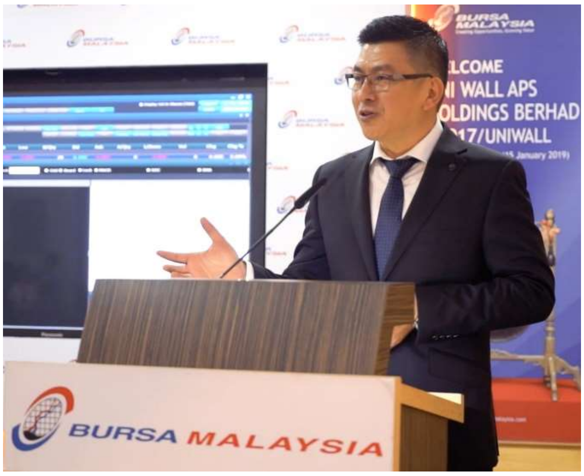
Our journey began in 1999, when we incorporated ***UNI WALL ARCHITECTURAL PRODUCTS & SERVICES SDN BHD*** and the same year, we secured our first building facade project for a residential development comprising terrace houses in Cheras, Selangor. Over the last 20 years, we have grown from a small company to a well-known building facade specialist in Malaysia. From residential development project, we expanded to public projects like hospitals, universities and government offices. In the last 10 years, we further expanded to building facade of high-rise buildings and relocated from our rented facility in Puchong to our own facility in Semenyih, Selangor.

2018 has been a very exciting year for us, as we embarked on our journey to be listed on LEAP MARKET of Bursa Malaysia Securities Berhad. Besides that, we also expanded our fabrication facility to the adjacent land next to our current facility to cater for our growing business.

With the growing business, we will continue to give the best products and services to customers and stay focus on meeting our customers' growing expectations. Our success would not be possible without the contribution of our valued customers.

I would like to express my sincere gratitude to our customers, suppliers, bankers, shareholders and employees for their continuous support in achieving our dreams.

MESSAGE FROM CEO, SIOW HON YUEN



Dear Shareholders and investors;

IPO:

15th January 2019 marked a truly historic occasion for Uni Wall APS Holdings Berhad ("UNIWALL") as we have moved our Company and business to a new playing field, by being one of the publicly traded counters of Bursa Malaysia Securities Berhad. We are immensely proud of our hallmark moment and we are also deeply grateful to all our investors whose belief in our vision to grow the Company.

Indeed, our listing on the LEAP Market denotes the next phase in the course of our growth since the incorporation of Uni Wall Architectural Products & Services Sdn. Bhd. in 1999 as a building façade specialist in Malaysia.

Our Listing is not the end but the beginning of a new chapter. We will not rest on our laurels and we will continue to unlock more value for our shareholders over the long run.

GROWTH:

In 2018, we started the year with two new challenging projects and with the strong team support, we managed to achieve outstanding financial results with high turnover and good profit achievement. As such, we are able to propose a dividend payout ratio of 20% of our net profits to our shareholders.

In 2019, we are happy to announce that we have secured three new projects and currently our total order book is approximately RM150 million. This healthy order book level will facilitate our future growth and strengthen our position as a building facade specialist.

We are confident that our financial performance will continue to improve and we should have no problem in meeting our targets.

MARKETS:

The world as we know it will be dramatically changed and we see transformation rapidly taking place in construction industries, with new technologies serving as the catalyst for revolutionary change.

UNIWALL's development must take on a different path from most other companies. As one of the Malaysia's largest facade companies with a mission focused on façade industry, we must contribute to the sustainable development of constructions industry economy.

To achieve our goals, we will increase our investment in technology development, human capital and innovation. Successful companies of the future will derive profitability from technology rather than market scale; they will win the market through innovation rather than big marketing budgets. We believe the strength of our technology will be the competitive advantage.

OVERALL:

Since UNIWALL commenced operations in 1999, we started with building facade for residential development project, then we moved on to public projects like hospitals, universities and government offices and now we have expanded our capabilities to cater for commercial premises such as high-rise condominiums and business centres.

For the past 20 years, UNIWALL has always fulfil its objectives and goals and delivered the quality products that we were entrusted with. These excellent achievements were possible because of the strong and hardworking team of workers, supervisors, managers and office staff.

With this strong fundamental, we believe we can continue to achieve higher and better level of success in the future 20 years and I committed on this exciting journey to grow this company and to create more values to our shareholders and investors.

UNI WALL APS HOLDINGS BERHAD
(Company No. 1269520-X)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

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

UHY

UNI WALL APS HOLDINGS BERHAD
(Company No. 1269520-X)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2018

Registered office:
Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Principal place of business:
15, Lot 85 Jalan Kesuma 2/3
Bandar Tasik Kesuma
43700 Semenyih
Selangor Darul Ehsan

Company No. | 1269520 | X |

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2018

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UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year/period attributable to owner of the Company	5,117,575	(64,358)

Reserves and Provisions

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

Dividend

There was no dividend proposed, declared or paid by the Company during the financial period.

The Directors had on 30 April 2019, proposed a final single-tier dividend of RM0.0028 per ordinary share in respect of the financial year ended 31 December 2018, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this final single-tier dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

Issue of Shares and Debentures

The Company was incorporated with issued and paid-up ordinary share capital of RM2 comprising 2 ordinary shares.

During the financial period, the Company increased its ordinary shares from RM2 to RM8,000,0002 by way of the issuance of 320,000,000 ordinary shares at an issue price of RM0.025 per ordinary shares as consideration for the acquisition of the entire issued share capital of Uni Wall Architectural Products & Services Sdn. Bhd..

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

There was no issuance of debentures during the financial year/period.

Options Granted Over Unissued Shares

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

Directors

The Directors in office during the financial period until the date of this report are:

Siow Hon Yong*	(first Director)
Siow Hon Yuen*	(first Director)
Siew Choon Jern	(first Director)

** Director of the Company and its subsidiary company*

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

Directors' Interests in Shares

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

	Number of ordinary shares			
	At date of incorporation	Bought	Sold	At 31.12.2018
Interest in the Company				
Direct interests:				
Siow Hon Yong	1	-	1	-
Siow Hon Yuen	1	-	1	-
Interest in the Company				
Indirect interests:				
Siow Hon Yong[1]	-	320,000,002	-	320,000,002
Siow Hon Yuen[1]	-	320,000,002	-	320,000,002

[1] Deemed interest by virtue of Section 8(4) of the Companies Act, 2016 held through HYSiow Holdings Sdn. Bhd.

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

Directors' Benefits

Since the end of the previous financial year/period, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and received by Directors as shown in Note 31(c) 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.

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

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for Directors, officers or auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

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

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

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

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

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

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

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

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

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

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

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

(d) In the opinion of the Directors:

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

(ii) the results of the operations of the Group and of the Company during the financial year/period were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and

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

Holding Company

The holding company is HYSiow Holdings Sdn. Bhd., a private limited company, incorporated and domiciled in Malaysia.

Subsidiary Company

The details of the subsidiary company are disclosed in Note 6 to the financial statements.

Subsequent Event

The subsequent event is disclosed in Note 35 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are disclosed in Note 24 to the financial statements.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 APR 2019

SIOW HON YONG

SIOW HON YUEN

KUALA LUMPUR

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 15 to 88 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated
30 APR 2019

SIOW HON YONG

SIOW HON YUEN

KUALA LUMPUR

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

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

I, Siow Hon Yong, being the Director primarily responsible for the financial management of Uni Wall APS Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and relief, the financial statements set out on pages 15 to 88 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 30 APR 2019)

SIOW HON YONG

Before me,

PESURUHJAYA SUMPAH
No. W 710
MOHAN A.S. MANIAM
1.1.2019 hingga
31.12.2021
MALAYSIA

COMMISSIONER FOR OATHS

Tingkat 20 Ambank Group Building
55, Jln. Raja Chulan, 50200 Kuala Lumpur

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
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Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF UNI WALL APS HOLDINGS BERHAD
(Company No.: 1269520-X)
(Incorporated in Malaysia)

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of Uni Wall APS Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 88.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF UNI WALL APS HOLDINGS BERHAD
(Company No.: 1269520-X)
(Incorporated in Malaysia)

Report On The Audit Of The Financial Statements (Cont'd)

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.

Key audit matters	How our audit addressed the key audit matters
Revenue and cost recognition of construction contracts Refer to Note 2(c) (Significant Accounting Judgements, Estimates and Assumptions), Note 3(o)(i) (Significant Accounting Policies), Note 3(g) (Contract Assets and Contract Liabilities) and Note 22 (Revenue). A significant proportion of the Group's revenues and profits are derived from long-term construction contracts which span more than one accounting period. The Group use the percentage-of-completion method in accounting for these long-term contracts. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. We focused on this area because management applies significant judgement in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs.	Our audit procedures performed in this area included, among others: • Tested the Group's controls by checking for evidence of reviews and approvals over contract cost, setting budgets and authorising and recording of actual costs incurred; • Read all key contracts to obtain an understanding of the specific terms and conditions; • Compared the architect certificate against stage of completion of certain contracts to ascertain the reasonableness of the percentage of completion recognised in the profit or loss; • Challenged the assumptions in deriving at the estimates of contract costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated cost to suppliers' agreements or tenders; • Agreed a sample of costs incurred to date to invoice and/or progress claim, checked that they were allocated to the appropriate contract, and met the definition of contract costs; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF UNI WALL APS HOLDINGS BERHAD
(Company No.: 1269520-X)
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Report On The Audit Of The Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
<u>Impairment of trade receivables</u> Refer to Note 3(i)(ii) (Significant Accounting Policies), Note 8 (Trade Receivables) and Note 32 (Financial Instruments). We focused on this area given the use of significant estimates and judgement in determining the appropriate level of impairment for trade receivables.	Our audit procedures performed in this area included, among others: • Developed understanding of the design and implementation of controls associated with monitoring of outstanding receivables and impairment calculation; • Developed an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports or other collection reports; • Evaluated and tested the credit process in place to assess and manage the recoverability of trade receivables; • Critically assessed recoverability of receivables that were past due but not impaired with reference to their historical records and repayment trends; • Reviewed receipts of collections subsequent to the financial year end, customer correspondence, and considering level of activity with the customer and explanation on recoverability with significantly past due balances; and • Assessing the reasonableness of impairment charges for identified credit exposures.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
UNI WALL APS HOLDINGS BERHAD
(Company No.: 1269520-X)
(Incorporated in Malaysia)

Report On The Audit Of The Financial Statements (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 information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
UNI WALL APS HOLDINGS BERHAD
(Company No.: 1269520-X)
(Incorporated in Malaysia)

Report On The Audit Of The Financial Statements (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 of the Company's internal control.

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

- 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 MEMBER OF
UNI WALL APS HOLDINGS BERHAD
(Company No.: 1269520-X)
(Incorporated in Malaysia)

Report On The Audit Of The Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF UNI WALL APS HOLDINGS BERHAD
(Company No.: 1269520-X)
(Incorporated in Malaysia)

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

LIM BEE PENG
Approved Number: 03307/06/2019 J
Chartered Accountant

KUALA LUMPUR
30 APR 2019

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM
ASSETS				
Non-current Assets				
Property, plant and equipment	4	13,758,762	13,112,057	-
Investments in a subsidiary company	6	-	-	8,000,000
		13,758,762	13,112,057	8,000,000
Current Assets				
Contract assets	7	7,826,929	-	-
Trade receivables	8	5,741,265	3,301,485	-
Other receivables	9	1,122,605	527,163	178,600
Amount due from holding company	10	13,041	-	-
Fixed deposits with licensed banks	11	1,926,162	1,610,444	-
Cash and bank balances		288,717	11,937	10,002
		16,918,719	5,451,029	188,602
Assets classified as held for sales	12	80,000	-	-
		16,998,719	5,451,029	188,602
Total assets		30,757,481	18,563,086	8,188,602
EQUITY				
Share capital	13	8,000,002	1,000,000	8,000,002
Merger reserve	14	(6,000,000)	-	-
Retained earnings/(Accumulated losses)		11,437,568	6,483,253	(64,358)
Total equity		13,437,570	7,483,253	7,935,644

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

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

		Group		Company
		2018	2017	2018
	Note	RM	RM	RM
LIABILITIES				
Non-current Liabilities				
Finance lease liabilities	15	479,931	225,996	-
Bank borrowings	16	1,845,236	-	-
Deferred tax liability	17	5,277	11,053	-
		2,330,444	237,049	-
Current Liabilities				
Contract liabilities	7	13,999	2,088,086	-
Trade payables	18	4,158,380	116,079	-
Other payables	19	915,792	279,406	179,700
Amount due to a Director	20	3,971,679	4,536,045	-
Amount due to a subsidiary company	21	-	-	73,258
Finance lease liabilities	15	286,036	188,978	-
Bank borrowings	16	2,316,849	1,360,507	-
Tax payable		3,326,732	2,273,683	-
		14,989,467	10,842,784	252,958
Total Liabilities		17,319,911	11,079,833	252,958
Total Equity and Liabilities		30,757,481	18,563,086	8,188,602

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

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

	Note	Group 2018 RM	Group 2017 RM	Company 23.02.2018 to 31.12.2018 RM
Revenue	22	17,310,828	9,359,339	-
Cost of sales		(7,432,860)	(1,211,119)	-
Gross profit		9,877,968	8,148,220	-
Other income		56,223	112,050	-
Administrative expenses		(2,307,758)	(2,201,863)	(64,358)
Finance costs	23	(436,472)	(119,584)	-
Profit/(Loss) before taxation	24	7,189,961	5,938,823	(64,358)
Taxation	25	(2,072,386)	(2,296,169)	-
Net profit/(loss) for the financial year/period, representing total comprehensive income/(loss) for the financial year/period		5,117,575	3,642,654	(64,358)
Net profit for the financial year, representing total comprehensive income for the financial year attributable to:				
Owner of the Company		5,117,575	3,642,654	
Earnings per share (sen):				
- Basic	26	64	364	
- Diluted	26	64	364	

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

UNI WALL APS HOLDINGS BERHAD
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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2018 (CONT'D)

		Attributable to Owners of the Parent			
		<-- Non-Distributable -->		Distributable	
	Note	Share Capital RM	Merger Reserve RM	Retained Earnings RM	Total Equity RM
Group					
At 1 January 2017		800,000	-	5,740,599	6,540,599
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	3,642,654	3,642,654
Transactions with owner:					
Issuance of ordinary shares to the existing owners of the subsidiary company	13	200,000	-	-	200,000
Dividend paid to the existing owners of the subsidiary company	28	-	-	(2,900,000)	(2,900,000)
Total transactions with owner		200,000	-	(2,900,000)	(2,700,000)
At 31 December 2017		1,000,000	-	6,483,253	7,483,253
At 1 January 2018		1,000,000	-	6,483,253	7,483,253
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	5,117,575	5,117,575
Transactions with owner:					
Incorporation of the Company	13	2	-	-	2
Issuance of ordinary shares to the existing owners of the subsidiary company	13	1,000,000	-	-	1,000,000
Adjustment arising from restructuring exercise	13, 14	6,000,000	(6,000,000)	-	-
Dividend paid to the existing owners of the subsidiary company	28	-	-	(163,260)	(163,260)
Total transactions with owner		7,000,002	(6,000,000)	(163,260)	836,742
At 31 December 2018		8,000,002	(6,000,000)	11,437,568	13,437,570

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2018 (CONT'D)**

		Attributable to Owners of the Parent		
		Non-distributable	Distributable	
	Note	Share capital RM	Accumulated losses RM	Total equity RM
Company				
At date of incorporation		2	-	2
Net loss for the financial period, representing total comprehensive loss for the financial period		-	(64,358)	(64,358)
Transaction with owner:				
Share issued pursuant to restructuring exercise	13	8,000,000	-	8,000,000
At 31 December 2018		8,000,002	(64,358)	7,935,644

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

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

	Group		Company
			23.02.2018 to
	2018	2017	31.12.2018
	RM	RM	RM
Cash Flows From Operating Activities			
Profit/(loss) before taxation	7,189,961	5,938,823	(64,358)
Adjustments for:			
Bad debt written off	-	27,157	-
Deposits written off	-	32,130	-
Depreciation of investment properties	-	1,011	-
Depreciation of property, plant and equipment	1,195,284	793,401	-
Interest expenses	270,176	116,700	-
Interest income	(55,647)	(75,340)	-
Impairment loss on assets classified as as held for sales	10,701	-	-
Loss on disposals of property, plant and equipment	98,500	98,030	-
Operating profit/(loss) before working capital changes	8,708,975	6,931,912	(64,358)
Changes in working capital:			
Contract assets	(7,826,929)	-	-
Trade receivables	(2,439,780)	459,896	-
Other receivables	(595,442)	(229,490)	(178,600)
Contract liabilities	(2,074,087)	(9,128,433)	-
Trade payables	4,042,301	533	-
Other payables	636,386	224,408	179,700
	(8,257,551)	(8,673,086)	1,100
Cash from/(used in) operation activities	451,424	(1,741,174)	(63,258)
Tax paid	(1,025,113)	(275,493)	-
Interest paid	(270,176)	(116,700)	-
	(1,295,289)	(392,193)	-
Net cash used in operating activities	(843,865)	(2,133,367)	(63,258)

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

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

	Note	Group 2018 RM	Group 2017 RM	Company 23.02.2018 to 31.12.2018 RM
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	4(a)	(1,622,950)	(5,435,085)	-
Interest received		55,647	75,340	-
Proceeds from disposals of property, plant and equipment		54,000	75,970	-
(Increase)/Decrease in pledged fixed deposits with licensed banks		(315,718)	968,198	-
Net cash used in investing activities		(1,829,021)	(4,315,577)	-
Cash Flows From Financing Activities				
Dividend paid to the existing owners of the subsidiary company		-	(2,900,000)	-
Drawdown of term loan		2,500,000	-	-
Net changes in amount due from holding company		(13,041)	-	-
Net changes in amount due to a subsidiary company		-	-	73,258
Net changes in amount due to a Director		(564,366)	8,245,170	-
Proceeds from issuance of oridnary shares	13	1,000,002	200,000	2
Repayment of finance lease liabilities		(274,507)	(295,892)	-
Repayment of term loans		(267,858)	(2,452)	-
Net cash from financing activities		2,380,230	5,246,826	73,260
Net changes in cash and cash equivalents		(292,656)	(1,202,118)	10,002
Cash and cash equivalents at the beginning of the financial year		(1,348,570)	(146,452)	-
Cash and cash equivalents at the end of the financial year		(1,641,226)	(1,348,570)	10,002

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

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

	Group		Company
			23.02.2018 to
	2018	2017	31.12.2018
	RM	RM	RM
Cash and cash equivalents at the end of the financial year comprises:			
Cash and bank balances	288,717	11,937	10,002
Fixed deposits with licensed banks	1,926,162	1,610,444	-
Bank overdrafts	(1,929,943)	(1,360,507)	-
	284,936	261,874	10,002
Less: Pledged fixed deposits with licensed banks	(1,926,162)	(1,610,444)	-
	(1,641,226)	(1,348,570)	10,002

UNI WALL APS HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

1. **Corporate Information**

The Company was incorporated on 23 February 2018, a private limited liability Company, incorporated and domiciled in Malaysia, with issued and paid-up share capital of RM2 comprising two ordinary shares.

The registered office of the Company is located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiary company are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

The holding company is HYSiow Holdings Sdn. Bhd., a private limited company, incorporated and domiciled in Malaysia.

2. **Basis of Preparation**

(a) **Statement of compliance**

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

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

Adoption of new and amended standards

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

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

2. **Basis of Preparation (Cont'd)**

(a) **Statement of compliance (Cont'd)**

Adoption of new and amended standards (Cont'd)

Amendments to MFRS 15 *Clarifications to MFRS 15*
Amendments to MFRS 140 *Transfers of Investment Property*
Annual Improvements to MFRSs 2014 – 2016 Cycle:
- Amendments to MFRS 1
- Amendments to MFRS 128

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

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

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

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

The Group and the Company applied MFRS 9 retrospectively. Nevertheless, as permitted by MFRS 9, the Company has elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision which continue to be reported under MFRS 139. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

(a) Classification of financial assets

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

2. **Basis of Preparation (Cont'd)**

(a) **Statement of compliance (Cont'd)**

Adoption of new and amended standards (Cont'd)

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

(b) Classification of financial liabilities

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

(c) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company have accounted for expected credit losses and changes in these expected credit losses of each reporting date to reflect changes in credit risk since initial recognition.

(d) Effect of changes in classification of financial assets of the Group on 1 January 2018.

	As at 31.12.2017 RM	Reclassification to MFRS 9 Amortised Cost RM
MFRS 139 measurement category		
Group		
Financial assets		
Loan and receivables		
Trade receivables	3,301,485	3,301,485
Other receivables	197,885	197,885
Fixed deposits with licensed banks	1,610,444	1,610,444
Cash and bank balances	11,937	11,937

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

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

(e) Effect on impairment allowances on 1 January 2018

The impact of the calculation of ECL has no material impact to the financial statements of the Group, and the standard has thus been implemented without adjusting the opening balance at 1 January 2018.

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact to the financial statements of the Group and of the Company.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretation and amendments from the annual period beginning on 1 January 2019 for those accounting standards, interpretation and amendments that are effective for annual periods beginning on or after 1 January 2019.

The Group and the Company do not plan to apply MFRS 17 *Insurance Contracts* that is effective for annual periods beginning or after 1 January 2021 as it is not applicable to the Group and to the Company.

2. **Basis of Preparation (Cont'd)**

(a) **Statement of compliance (Cont'd)**

Standards issued but not yet effective (Cont'd)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 16 *Leases*

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

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

The impact of MFRS 16 is currently being assessed by management.

(b) **Functional and presentation currency**

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

2. **Basis of Preparation (Cont'd)**

(c) **Significant accounting judgements, estimates and assumptions**

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

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Classification between investment properties and property, plant and equipment</u>

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

2. Basis of Preparation (Cont'd)

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

Judgements (Cont'd)

Satisfaction of performance obligation in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

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/period are set out below:

Useful lives of property, plant and equipment

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

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

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

Revenue from construction contracts

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

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

The details of construction contracts are disclosed in Note 7 to the financial statements.

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group has tax payable of RM3,326,732 (2017: RM2,273,683).

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 32(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. **Significant Accounting Policies**

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

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiary companies are consolidated using merger method of accounting as the business combination of these subsidiary companies involved an entity under common control.

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

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

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

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

3. **Significant Accounting Policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(i) **Subsidiary companies (Cont'd)**

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

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(i)(i) to the financial statements on impairment of non-financial assets.

(ii) **Changes in ownership interests in subsidiary companies without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) **Disposal of subsidiary companies**

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. **Significant Accounting Policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(iv) **Goodwill on consolidation**

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(i)(i) to the financial statements on impairment of non-financial assets.

(b) **Foreign currency transactions and balances**

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

3. **Significant Accounting Policies (Cont'd)**

(c) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(i)(i) to the financial statements.

(i) **Recognition and measurement**

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) **Subsequent costs**

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

3. **Significant Accounting Policies (Cont'd)**

(c) **Property, plant and equipment (Cont'd)**

(iii) **Depreciation**

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land	Over the remaining lease period
Buildings on freehold land	2%
Building on leasehold land	Over the remaining lease period
Forklift	10%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	20%
Plant and machinery	20%
Renovation	20%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(d) **Finance leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

<u>As lessee</u>

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

3. **Significant Accounting Policies (Cont'd)**

(d) **Finance leases (Cont'd)**

As lessee (Cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(e) **Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-today servicing of an investment property.

Freehold land are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land	Over the remaining lease period
Building on leasehold land	Over the remaining lease period

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(i)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(f) **Financial instruments**

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) **Recognition and initial measurement**

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

Policy applicable from 1 January 2018

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Policy applicable before 1 January 2018

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

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

Financial assets

Policy applicable from 1 January 2018

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

3. **Significant Accounting Policies (Cont'd)**

(f) **Financial instruments (Cont'd)**

(ii) **Financial instrument categories and subsequent measurement (Cont'd)**

Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 3(i)(ii)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 3(i)(ii)).

Policy applicable before 1 January 2018

In the previous financial year, financial assets of the Company were classified and measured under MFRS 139 *Financial Instruments: Recognised and Measurement* as follow:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3. **Significant Accounting Policies (Cont'd)**

(f) **Financial instruments (Cont'd)**

(ii) **Financial instrument categories and subsequent measurement (Cont'd)**

Financial liabilities

Policy applicable from 1 January 2018

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Policy applicable before 1 January 2018

In the previous financial year, financial liabilities of the Group or of Company were subsequently measured at financial liabilities measured at amortised cost.

(iii) **Regular way purchase or sale of financial assets**

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:
(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:
(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

3. **Significant Accounting Policies (Cont'd)**

(f) **Financial instruments (Cont'd)**

(iv) **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 debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Policy applicable from 1 January 2018

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Policy applicable before 1 January 2018

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

3. **Significant Accounting Policies (Cont'd)**

(f) **Financial instruments (Cont'd)**

(v) **Derecognition**

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) **Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

3. Significant Accounting Policies (Cont'd)

(g) Contract asset/Contract liability

A contract asset is recognised when the Group and the Company have performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional.

Conversely, a contract liability is recognised when the Group and the Company have not yet performed under the contract but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group and the Company performs under the contract.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

(i) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

3. **Significant Accounting Policies (Cont'd)**

(i) **Impairment of assets (Cont'd)**

(i) **Non-financial assets (Cont'd)**

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. **Significant Accounting Policies (Cont'd)**

(i) **Impairment of assets (Cont'd)**

(ii) **Financial assets**

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Policy applicable from 1 January 2018

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider 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 and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

3. **Significant Accounting Policies (Cont'd)**

(i) **Impairment of assets (Cont'd)**

(ii) **Financial assets (Cont'd)**

Policy applicable from 1 January 2018 (Cont'd)

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced fthrough the use of an allowance account.

At each reporting date, the Group and the Company 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.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

Policy applicable before 1 January 2018

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies and associates are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

3. **Significant Accounting Policies (Cont'd)**

(i) **Impairment of assets (Cont'd)**

(ii) **Financial assets (Cont'd)**

Policy applicable before 1 January 2018 (Cont'd)

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

3. **Significant Accounting Policies (Cont'd)**

(j) **Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(k) **Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(l) **Income taxes**

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

3. **Significant Accounting Policies (Cont'd)**

(l) **Income taxes (Cont'd)**

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

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

(m) **Employee benefits**

(i) **Short term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

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

3. **Significant Accounting Policies (Cont'd)**

(m) **Employee benefits (Cont'd)**

(ii) **Defined contribution plans**

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit and loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(n) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) **Revenue recognition**

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

(i) **Construction contracts**

Revenue from construction contracts is recognised by reference to the stage of completion. Stage of completion is determined by reference to total construction cost incurred-to-date as a percentage of total estimated total construction cost for each contract.

(ii) **Interest income**

Interest income is recognised on accruals basis using the effective interest method.

3. **Significant Accounting Policies (Cont'd)**

(p) **Goods and Services Tax ("GST")**

Revenues, 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 taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

(q) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(r) **Contingencies**

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

4. Property, Plant and Equipment

Group	Freehold Land RM	Leasehold Land RM	Freehold and Leasehold Buildings RM	Forklift RM	Furniture and Fittings RM	Motor Vehicles RM	Office Equipment RM	Plant and Machinery RM	Renovation RM	Capital Work-in-progresss RM	Total RM
2018											
Cost											
At 1 January 2018	7,454,114	28,633	3,460,773	25,000	17,125	4,540,114	101,456	3,162,006	279,222	295,270	19,363,713
Additions	-	-	7,834	-	-	501,469	71,853	465,004	-	1,202,290	2,248,450
Disposals	(163,260)	-	-	-	-	(305,000)	-	-	-	-	(468,260)
Transferred to assets classified as held for sales (Note 12)	-	(28,633)	(65,100)	-	-	-	-	-	-	-	(93,733)
At 31 December 2018	7,290,854	-	3,403,507	25,000	17,125	4,736,583	173,309	3,627,010	279,222	1,497,560	21,050,170
Accumulated depreciation											
At 1 January 2018	-	1,010	590,243	25,000	17,125	2,409,102	99,024	2,894,229	215,923	-	6,251,656
Charges for the year	-	-	68,071	-	-	792,851	15,587	297,675	21,100	-	1,195,284
Disposals	-	-	-	-	-	(152,500)	-	-	-	-	(152,500)
Transferred to assets classified as held for sales (Note 12)	-	(1,010)	(2,022)	-	-	-	-	-	-	-	(3,032)
At 31 December 2018	-	-	656,292	25,000	17,125	3,049,453	114,611	3,191,904	237,023	-	7,291,408
Carrying amount											
At 31 December 2018	7,290,854	-	2,747,215	-	-	1,687,130	58,698	435,106	42,199	1,497,560	13,758,762

4. Property, Plant and Equipment (Cont'd)

Group	Freehold Land RM	Leasehold Land RM	Freehold and Leasehold Building RM	Forklift RM	Furniture and Fittings RM	Motor Vehicles RM	Office Equipment RM	Plant and Machinery RM	Renovation RM	Capital Work-in-progresss RM	Total RM
2017											
Cost											
At 1 January 2017	2,796,494	-	3,403,506	25,000	17,125	4,184,659	101,456	3,162,006	279,222	-	13,969,468
Additions	4,494,360	-	-	-	-	645,455	-	-	-	295,270	5,435,085
Disposals	-	-	-	-	-	(290,000)	-	-	-	-	(290,000)
Transferred from investment properties (Note 5)	163,260	28,633	57,267	-	-	-	-	-	-	-	249,160
Reclassification	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2017	7,454,114	28,633	3,460,773	25,000	17,125	4,540,114	101,456	3,162,006	279,222	295,270	19,363,713
Accumulated depreciation											
At 1 January 2017	-	-	514,246	25,000	17,125	2,106,688	97,077	2,616,264	194,823	-	5,571,223
Charges for the year	-	-	73,975	-	-	418,414	1,947	277,965	21,100	-	793,401
Disposals	-	-	-	-	-	(116,000)	-	-	-	-	(116,000)
Transferred from investment properties (Note 5)	-	1,010	2,022	-	-	-	-	-	-	-	3,032
At 31 December 2017	-	1,010	590,243	25,000	17,125	2,409,102	99,024	2,894,229	215,923	-	6,251,656
Carrying amount											
At 31 December 2017	7,454,114	27,623	2,870,530	-	-	2,131,012	2,432	267,777	63,299	295,270	13,112,057

4. **Property, Plant and Equipment (Cont'd)**

(a) Purchase of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group during the financial year acquired under finance lease and cash payments are as follows:

	Group	
	2018	**2017**
	RM	**RM**
Aggregate costs	2,248,450	5,435,085
Less: Finance leases financing	(625,500)	-
Cash payments	1,622,950	5,435,085

(b) Assets held under finance leases

Included in the property, plant and equipment of the Group under finance lease arrangement with carrying amount are as follows:

	Group	
	2018	**2017**
	RM	**RM**
Plant and machinery	200,666	-
Motor vehicles	877,371	783,708
	1,078,037	783,708

The leased assets are pledged for the related financing facilities as disclosed in Note 15 to the financial statements.

(c) Assets pledged as securities to licensed banks

The carrying amount of the property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 16 to the financial statements are:

	Group	
	2018	**2017**
	RM	**RM**
Freehold land	7,290,854	2,796,494
Building	2,747,215	2,525,920
Capital work-in-progress	1,497,560	295,270
	11,535,629	5,617,684

4. **Property, Plant and Equipment (Cont'd)**

(d) Included in the property, plant and equipment of the Group are motor vehicles which are registered under the name of a Director of the Company and of third party and held in trust with carrying amount of RM444,759 (2017: RM581,316) and RMNil (2017: RM152,500) respectively.

(e) Transferred to assets classified as held for sales

On 18 May 2018, Uni Wall Architectural Products & Services Sdn. Bhd. ("Uni Wall Architectural"), a wholly-owned subsidiary company of the Company, had entered into a Sale and Purchase Agreement ("SPA") with Lee Zhi Zheng ("the Purchaser") for the disposal of leasehold land and building of Uni Wall Architectural for a purchase price of RM80,000. This transaction is expected to be completed in financial year ending 31 December 2019.

As such, the leasehold land and building was transferred from property, plant and equipment to assets classified as held for sales.

(f) Transferred from investment properties

In previous financial year, a freehold land and building was transferred from investment properties because the property was used by the Group but no intends lease to a third party.

5. **Investment Properties**

Group	**Freehold Land RM**	**Leasehold Land RM**	**Building RM**	**Total RM**
Cost				
At 1 January 2017	163,260	28,633	57,267	249,160
Transfer from property, plant and equipment (Note 4)	(163,260)	(28,633)	(57,267)	(249,160)
At 31 December 2017 and 1 January 2018/ 31 December 2018	-	-	-	-

5. **Investment Properties (Cont'd)**

	Freehold land and buildings RM	Capital work-in progress RM	Leasehold land and buildings RM	Total RM
Group				
Accumulated Depreciation				
At 1 January 2017	-	673	1,348	2,021
Charge for the financial year	-	337	674	1,011
Transfer from property, plant and equipment (Note 4)	-	(1,010)	(2,022)	(3,032)
At 31 December 2017 and 1 January 2018/ 31 December 2018	-	-	-	-
Carrying amount				
At 31 December 2017 and 31 December 2018	-	-	-	-
Fair value of investment				
At 31 December 2017 and 31 December 2018	-	-	-	-

Investment properties comprise a piece of freehold land, a piece of leasehold land and building. In previous financial year, the investment properties were transferred to property, plant and equipment, since the investment properties are vacant and not for leases. No contingent rents are charged.

6. **Investment in a Subsidiary Company**

	Company 2018 RM
Unquoted shares, at cost	
In Malaysia	8,000,000

6. **Investment in a Subsidiary Company (Cont'd)**

Details of the subsidiary company are as follows:

Name of company	Place of Business/ Country of Incorporation	Effective interest 2018 %	Effective interest 2017 %	Principal activities
Uni Wall Architectural Products & Services Sdn. Bhd.	Malaysia	100	-	Suplying, installation and fabrication of aluminium products

On 12 June 2018, a group of companies comprising the Company and Uni Wall Architectural had been formed after the corporate restructuring.

The corporate restructuring had been completed through the acquisition of 100% equity interests of Uni Wall Architectural for the total purchase consideration of RM8,000,000 by the Company, which was satisfied in full by the issuance of 320,000,000 new ordinary shares of the Company. Consequently, Uni Wall Architectural became a wholly-owned subsidiary company of the Company.

7. **Contract Assets/(Liabilities)**

	Group 2018 RM	Group 2017 RM
Contract Assets		
Construction contracts	7,826,929	-
Contract Liabilities		
Construction contracts	(13,999)	(2,088,086)

The contract assets primarily relate to the Company's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount generally will be billed ranging from 7 days to 60 days and payment is expected ranging from 30 days to 60 days.

The contract liabilities primarily relate to the advance consideration received from a customer for a construction contract, which revenue is recognised overtime during the construction. The contract liabilities as expected to be recognised as revenue over a period ranging from 30 days to 60 days.

8. Trade Receivables

Trade receivables are recognised at their original certificate of claimed amounts which represent their fair value on initial recognition.

The Group's normal trade credit terms are ranging 30 days to 60 days (2017: 30 days). Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables of the Group as at 31 December 2018 are retentions of RM3,857,354 (2017: RM3,261,551) relating to construction work-in-progress. Retentions are unsecured, non-bearing interests and are expected to be collected as follows:

	Group	
	2018	**2017**
	RM	**RM**
Within one year	3,261,551	3,261,551
Between one to two years	595,803	-
	3,857,354	3,261,551

9. Other Receivables

	Group		Company
	2018	**2017**	**2018**
	RM	**RM**	**RM**
Other receivables	7,350	12,892	-
Deposits	401,359	184,993	-
Prepayments	706,603	40,157	178,600
GST recoverable	7,293	289,121	-
	1,122,605	527,163	178,600

10. Amount due from Holding Company

Amount due from holding company is unsecured, non-bearing interests advances and is repayable on demand.

11. Fixed Deposits with Licensed Banks

The fixed deposits with licensed banks of the Group are pledged as securities for credit facilities granted by the banks as disclosed in Note 16 to the financial statements.

The interest rate of fixed deposits with licensed banks is ranging 3.15% to 3.35% (2017: 3.10% to 3.15%) per annum and the maturity of the deposits is ranging 30 days to 365 days (2017: 30 days to 365 days).

12. Assets Classified as Held for Sales

	Group	
	2018	**2017**
	RM	**RM**
Property, plant and equipment		
At 1 January	-	-
Transferred from property, plant and equipment (Note 4)	90,701	-
Impairment loss recognised	(10,701)	-
At 31 December	80,000	-

On 18 May 2018, Uni Wall Architectural, a wholly-owned subsidiary company of the Company, had entered into a SPA with the purchaser for the disposal of leasehold land and building of Uni Wall Architectural for a purchase price of RM80,000. This transaction is expected to be completed in financial year ending 31 December 2019.

As such, the leasehold land and building was transferred from property, plant and equipment to assets classified as held for sales as disclosed in Note 4 to the financial statements.

13. Share Capital

	Group				Company	
	Number of shares		Amount		Number of shares	Amount
	2018	2017	2018	2017	2018	2018
	Units	Units	RM	RM	Units	RM
Issued and fully paid:						
At 1 January	1,000,000	800,000	1,000,000	800,000	-	-
Issuance of ordinary shares to existing owners of the subsidiary company	1,000,000	200,000	1,000,000	200,000	-	-
Adjustment arising from restructuring	(2,000,000)	-	(2,000,000)	-	-	-
On incoropration	2	-	2	-	2	2
Issue of shares for acquisition of Uni Wall Architectural Sdn. Bhd.	320,000,000	-	8,000,000	-	320,000,000	8,000,000
At 31 December	320,000,002	1,000,000	8,000,002	1,000,000	320,000,002	8,000,002

As disclosed in Note 1 to the financial statements, the Company was incorporated subsequent to 31 December 2017. Accordingly, the share capital of the Group as at 31 December 2017 and 1 January 2018 refers to the issued capital of Uni Wall Architectural.

On 23 February 2018, the Company was incorporated with issued and paid-up share capital of RM2 comprising two ordinary shares.

During the financial period, the Company increased its shares capital from RM2 to RM8,000,0002 by way of the issuance of 320,000,000 ordinary shares at an issue price of RM0.025 per ordinary shares as consideration for the acquisition of the entire share capital of Uni Wall Architectural.

13. Share Capital (Cont'd)

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

The holders of ordinary shares are entitled to received dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

14. Merger Reserve

	2018 RM	2017 RM
Consideration transferred	8,000,000	-
Less: Fair value of identifiable net assets acquired	(2,000,000)	-
Merger reserve arising on acquisition	6,000,000	-

The merger reserve arises from the acquisition of Uni Wall Architectural under common control, representing the difference between the carrying amount of net equity of the Uni Wall Architectural as of the acquisition date and the acquisition consideration paid by the Company.

15. Finance Lease Liabilities

	Group	
	2018 RM	2017 RM
Minimum lease payments:		
Not later than one year	319,096	205,772
Later than one year but not later than two years	201,648	162,017
Later than two year but not later than five years	312,755	62,208
Later than five years	-	20,682
	833,499	450,679
Less: Future finance charges	(67,532)	(35,705)
Present value of minimum lease payments	765,967	414,974
Present value of minimum lease payments:		
Not later than one year	286,036	188,978
Later than one year but not later than two years	181,888	122,450
Later than two year but not later than five years	298,043	83,244
Later than five years	-	20,302
	765,967	414,974

15. **Finance Lease Liabilities (Cont'd)**

	Group	
	2018	**2017**
	RM	**RM**
Analysed as:		
Repayable within twelve months	286,036	188,978
Repayable after twelve months	479,931	225,996
	765,967	414,974

Obligations under finance leases

These obligations are secured by a charge over the leased assets as disclosed in Note 4(b) to the financial statements. The interest rate for the leases ranges from 2.48% to 3.00% (2017: 2.53% to 2.99%) per annum.

16. **Bank Borrowings**

	Group	
	2018	**2017**
	RM	**RM**
Secured		
Current		
Bank overdrafts	1,929,943	1,360,507
Term loan:		
- RM loan at BFR+1% per annum	386,906	-
	2,316,849	1,360,507
Non-current		
Term loan:		
- RM loan at BFR+1% per annum	1,845,236	-
	4,162,085	1,360,507

(a) Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at BLR-0.75%, BLR+2.0% and BFR per annum and are secured by the following:

(i) Legal charge over a piece of freehold land and building, and capital work-in-progress as disclosed in Note 4(c) to the financial statements;
(ii) Legal charge over fixed deposits of the Company as disclosed in Note 11 to the financial statements;
(iii) Corporate guarantee by the Company; and
(iv) Jointly and severally guarantee by Directors of the Company;

16. **Bank Borrowings (Cont'd)**

(b) RM loan Base Financing Rate ("BFR"), BFR+1% per annum

Term loan is secured by the following:

(i) Legal charge over a piece of freehold land and capital work-in-progress as disclosed in Note 4(c) to the financial statements;
(ii) Legal charge over fixed deposits of the Company as disclosed in Note 11 to the financial statements; and
(iii) Jointly and severally guarantee by Directors of the Company.

17. **Deferred Tax Liabilities**

	Group	
	2018	**2017**
	RM	**RM**
At 1 January	11,053	72,314
Recognised in profit or loss (Note 25)	(5,776)	(61,261)
At 31 December	5,277	11,053

The net deferred tax asset and liability shown on the statements of financial position of the Group after appropriate offsetting are as follows:

	Group	
	2018	**2017**
	RM	**RM**
Deferred tax asset	(31,259)	(36,347)
Deferred tax liability	36,536	47,400
	5,277	11,053

17. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax asset and deferred tax liability are as follows:

Deferred tax asset of the Group

	Other Temporary Differences RM
Group	
At 1 January 2017	-
Recognised in profit or loss	(36,347)
At 31 December 2017	(36,347)
At 1 January 2018	(36,347)
Recognised in profit or loss	5,088
At 31 December 2018	(31,259)

Deferred tax liability of the Group

	Accelerated Capital Allowance RM
Group	
At 1 January 2017	72,314
Recognised in profit or loss	(24,914)
At 31 December 2017	47,400
At 1 January 2018	47,400
Recognised in profit or loss	(10,864)
At 31 December 2018	36,536

18. Trade Payables

Credit terms of trade payables of the Group is ranging from Nil to 90 days (2017: Nil to 90 days) depending on the terms of the contracts.

19. Other Payables

	Group 2018 RM	Group 2017 RM	Company 2018 RM
Other payables	384,152	-	161,700
Accruals	531,640	279,406	18,000
	915,792	279,406	179,700

20. Amount due to a Director

Amount due to a Director is unsecured, non-bearing interests advances and is repayable upon demand.

21. Amount due to Subsidiary Company

Amount due to a subsidiary company is unsecured, non-bearing interests advances and is repayable upon demand.

22. Revenue

	Group 2018 RM	Group 2017 RM
Revenue from contracts with customers:		
- Construction contract revenue	17,310,828	9,359,339

The timing of revenue recognition is at over time.

Revenue from contracts with customers recognised for the Group in the current financial year included RM2,088,086 that was included in the contract liabilities at the beginning of the financial year.

23. Finance Costs

	Group 2018 RM	Group 2017 RM
Bank guarantee charges	158,004	50
Commitment fee	8,292	2,834
Interest expense on:		
- Finance lease interest	31,077	52,560
- Bank overdrafts interest	82,117	63,551
- Overdue interest	82	573
- Term loan interest	156,900	16
	436,472	119,584

24. Profit/(Loss) Before Taxation

Profit/(loss) before taxation is determined after charging/(crediting):

	Group 2018 RM	Group 2017 RM	Company 23.02.2018 to 31.12.2018 RM
Auditors' remuneration:			
- current year	48,000	28,000	18,000
- underprovision in prior year	-	500	-
Bad debt written off	-	27,157	-
Depreciation of investment properties	-	1,010	-
Depreciation of property, plant and equipment	1,195,284	793,401	-
Deposit written off	-	32,130	-
Executive Directors' remuneration	481,443	450,072	-
Interest income	(55,647)	(75,340)	-
Impairment loss on assets classified as held for sales	10,701	-	-
Loss on disposals of property, plant and equipment	98,500	98,030	-

25. Taxation

	Group 2018 RM	Group 2017 RM	Company 23.02.2018 to 31.12.2018 RM
Tax expenses recognised in profit or loss:			
Malaysian statutory tax:			
- Current income tax	1,982,837	1,595,473	-
- Under provision in prior year	95,325	761,957	-
	2,078,162	2,357,430	-
Deferred tax (Note 17):			
- Reversal of temporary differences	(12,489)	(32,348)	-
- Under/(Over) provision in prior year	6,713	(28,913)	-
	(5,776)	(61,261)	-
Tax expense for the financial year	2,072,386	2,296,169	-

With effect from 1 January 2017, due to a change in the Malaysian corporate income tax rate that was announced during the Malaysian Budget 2018, tax rate has been reduced from 19% to 18% on chargeable income up to RM500,000 and the tax rate on subsequent chargeable income has been reduced by 1% to 4% from 24% based on the percentage increase in the chargeable income compared to the chargeable income for the immediate preceding period.

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group 2018 RM	Group 2017 RM	Company 23.02.2018 to 31.12.2018 RM
Profit/(loss) before taxation	7,189,961	5,938,823	(64,358)
At Malaysian statutory tax rate of 24% (2017: 24%)	1,725,591	1,425,318	(15,446)
Tax incentive obtained from differential tax rate of 18% (2017: 18%)	(30,000)	(30,000)	-
Income not subject to tax	(138)	-	-
Expenses not deductible for tax purposes	274,895	167,807	15,446
Under provision of income tax expense in prior year	95,325	761,957	-
Under/(Over) provision of deferred tax expense in prior years	6,713	(28,913)	-
Tax expense for the financial year	2,072,386	2,296,169	-

26. Earnings per Ordinary Share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the number of ordinary shares of the Company as at the end of the reporting period.

	Group	
	2018	**2017**
	RM	**RM**
Basic Earnings Per Share		
Profit for the financial year attributable to owners of the Company (RM)	5,117,575	3,642,654
Number of ordinary shares of the Company as at the end of the reporting period (Unit)	8,000,002	1,000,000
Basic earnings per share (Sen)	64	364

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

27. Staff Costs

	Group	
	2018	**2017**
	RM	**RM**
Salaries, wages and allowances	1,612,821	1,586,536
Befined contribution plans	139,093	80,239
Benefits-in-kind	97,774	37,500
	1,849,688	1,704,275

27. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company during the financial year as below:

	Group	
	2018	**2017**
	RM	**RM**
Salaries, wages and allowances	434,664	429,048
Befined contribution plans	46,780	21,024
Benefits-in-kind	50,000	37,500
	531,444	487,572

28. Dividend

	Group	
	2018	**2017**
	RM	**RM**
Dividend paid in respect of the financial year ended 31 December 2017		
- Interim single-tier tax exempted dividend per ordinary shares on Uni Wall Architectural	163,260	-

On 25 April 2018, the subsidiary company, Uni Wall Architectural had entered into Sale and Purchase Agreement ("SPA") with a Director ("the Vendor") of Uni Wall Architectural for the disposal of freehold land for a consideration of RM163,260 to be settled through declaration of a dividend in specie of the freehold land to the Vendor. The transaction was completed during the financial year ended 31 December 2018.

The Directors had on 30 April 2019, proposed a final single tier dividend of RM0.0028 per ordinary share in respect of the financial year ended 31 December 2018, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year d -po not reflect this final single-tier dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

29. Financial Guarantees

	2018 RM	2017 RM
Group		
Unsecured:		
Bank guarantee on performance bond for projects given to third parties	2,075,150	47,000
Company		
Unsecured:		
Corporate guarantee given by the Company to financial institutions for banking facilities granted to a subsidiary company	432,194	-

30. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM	New finance lease (Note 4(a)) RM	New term loan RM	Repayment RM	Other (i) RM	Dividends declared RM	At 31 December RM
Group							
2018							
Amount due from holding company	-	-	-	-	(13,041)	-	(13,041)
Amount due to a Director	4,536,045	-	-	(564,366)	-	-	3,971,679
Finance lease liabilities (Note 15)	414,974	625,500	-	(274,507)	-	-	765,967
Term loan (Note 16)	-	-	2,500,000	(267,858)	-	-	2,232,142
	4,951,019	625,500	2,500,000	(1,106,731)	(13,041)	-	6,956,747
2017							
Amount due (from)/to a Director	(3,709,125)	-	-	-	8,245,170	-	4,536,045
Finance lease liabilities (Note 15)	710,866	-	-	(295,892)	-	-	414,974
Term loan (Note 16)	2,452	-	-	(2,452)	-	-	-
Dividend paid to the existing owners of the subsidiary company	-	-	-	(2,900,000)	-	2,900,000	-
	(2,995,807)	-	-	(3,198,344)	8,245,170	2,900,000	4,951,019
Company							
2018							
Amount due to a subsidiary company	-	-	-	-	(73,258)	-	(73,258)

(i) The cash flows from:

(a) amount due from holding company makes up the net amount of advances to and repayment from holding company in the statements of cash flow; and

(b) amount due to a subsidiary company and amount due to a Director make up the net amount of advances from and repayment to, a subsidiary company and a Director in the statements of cash flow.

31. Related Party Transactions

(a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the combined financial statements, the significant related party transactions of the Group are as follows:

	Group	
	2018	**2017**
	RM	**RM**
Transactions with Directors and their close family members		
- Disposal of a motor vehicle	-	(75,969)
- Purchase of a motor vehicle	-	645,455

(c) Compensation of key management personnel

Remuneration of Executive Directors are as follows:

	Group	
	2018	**2017**
	RM	**RM**
Salaries, wages and allowances	434,664	429,048
Befined contribution plans	46,780	21,024
Benefits-in-kind	50,000	37,500
	531,444	487,572

32. Financial Instruments

(a) Classification of financial instruments

The table below provides an analysis of financial instruments of the Group and of the Company as at 31 December 2018 categorised as follows:

	At Amortised Cost RM
Group	
2018	
Financial Assets	
Trade receivables	5,741,265
Other receivables	408,709
Amount due from holding company	13,041
Fixed deposits with licensed banks	1,926,162
Cash and bank balances	288,717
Total financial assets	8,377,894
Financial Liabilities	
Trade payables	4,158,380
Other payables	915,792
Amount due to a Director	3,971,679
Financial lease liabilities	765,967
Bank borrowings	4,162,085
Total financial liabilities	13,973,903
Company	
2018	
Financial Asset	
Cash and bank balances	10,002
Total financial asset	10,002
Financial Liabilities	
Other payables	179,700
Amount due to a subsidiary company	73,258
Total financial liabilities	252,958

32. **Financial Instruments (Cont'd)**

(a) **Classification of financial instruments (Cont'd)**

The table below provides an analysis of financial instruments of the Group and of the Company as at 31 December 2017 categorised as follows:

	At Loans and Receivables RM	At Amortised Cost RM	Total Carrying Amount RM
Group			
2017			
Financial Assets			
Trade receivables	3,301,485	-	3,301,485
Other receivables	197,885	-	197,885
Fixed deposits with licensed banks	1,610,444	-	1,610,444
Cash and bank balances	11,937	-	11,937
Total financial assets	5,121,751	-	5,121,751
Financial Liabilities			
Trade payables	-	116,079	116,079
Other payables	-	279,406	279,406
Amount due to a Director	-	4,536,045	4,536,045
Finance lease liabilities	-	414,974	414,974
Bank borrowings	-	1,360,507	1,360,507
Total financial liabilities	-	6,707,011	6,707,011

(b) **Financial risk management**

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) **Credit risk**

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from the individual characteristics of each customer, loans and advances to an associate and financial guarantee given to banks for credit facilities granted to related companies and third parties. There are no significant changes as compared to prior periods.

Contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via Group's management reporting procedures and action will be taken for stagnant contract assets.

At each reporting date, Group assesses whether any of the contract assets are credit impaired.

The gross amounts of credit impaired contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(i) **Credit risk (Cont'd)**

Contract assets (Cont'd)

Concentration of credit risk

As at the end of the financial year, the Group had 2 customers (2017: Nil customers) and accounted for approximately 100% (2017: Nil) of the total contract assets.

Recognition and measurement of impairment loss

As there are only a few contract customers, the Group assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable. All these customers have low risk of default because there is no history of default from these customers. The Company is of the view that loss allowance is not material and hence, it is not provided for.

The aged analysis of contract assets as at the end of the reporting period:

	Gross contract assets RM	Allowance for impairment RM	Net balance RM
2018			
Group			
- Less than 30 days	1,897,100	-	1,897,100
- 31 to 60 days	2,872,647	-	2,872,647
- More than 60 days	3,057,181	-	3,057,181
	7,826,928	-	7,826,928

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via the Group's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from construction activity.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(i) **Credit risk (Cont'd)**

Trade receivables (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

The gross amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

As at the end of the financial year, the Group had 2 customers (2017: 1 customer) and accounted for approximately 83% (2017: 97%) of the total trade receivables.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days. The Group's debt recovery process is that when invoices which are exceeded credit terms, the Company will start to initiate a structured debt recovery process which is monitored by sales team.

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(i) **Credit risk (Cont'd)**

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

As there are only a few receivables, the Group assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable. All these customers have low risk of default because there is no history of default from these customers. The Company is of the view that loss allowance is not material and hence, it is not provided for.

The following table provides information about the exposure to credit risk and ECLs for trade receivables of the Group as at 31 December 2018.

	Gross trade receivables RM	**Allowance for impairment RM**	**Net balance RM**
2018			
Group			
Current	1,452,035	-	1,452,035
Past due or nor impaired			
- Less than 30 days	431,876	-	431,876
- More than 60 days	3,857,354	-	3,857,354
	5,741,265	-	5,741,265

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(i) **Credit risk (Cont'd)**

Trade receivables (Cont'd)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follows:

	Gross trade receivables RM	Allowance for impairment RM	Net balance RM
2017			
Group			
Current	1,405	-	1,405
Past due or nor impaired			
- More than 60 days	3,300,080	-	3,300,080
	3,301,485	-	3,301,485

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The cash and cash equivalents are held with banks and financial institutions. The Group and the Company have a credit policy in place to control credit risk by deposit with banks and financial institutions with good credit rating.

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(i) **Credit risk (Cont'd)**

Other receivables

Risk management objectives, policies and processes for managing the risk

Credit risks on other receivables are mainly arising from receivables from third parties. The Group manages the credit risk on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

These other receivables have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured loans and advances to holding company. The Group and the Company monitor the ability of the holding company to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

Generally, the Group and the Company consider loans and advances to holding company has low credit risk because there is no indicates that any going concern from holding company. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(i) **Credit risk (Cont'd)**

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to third parties in respect of projects entered into by the Group. The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to the subsidiary company. The Group and the Company monitor the ability of the third parties and related company to service its loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group and of the Company refer to Note 29 amounting to RM2,075,150 (2017: RM47,000) and RM432,194 (2017: RMNil) respectively representing the outstanding banking facilities of the subsidiary company and for performance guarantee to third parties in respect of projects entered by the Group as at the end of the reporting period.

Recognition and measurement of impairment loss

There is no history of default from subsidiary company and third parties, and there are no indicates that any going concern from this related company and third parties. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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

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

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(ii) **Liquidity risk (Cont'd)**

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Group						
2018						
Trade payables	4,158,380	-	-	-	4,158,380	4,158,380
Other payables	915,792	-	-	-	915,792	915,792
Amount due to a Director	3,971,679	-	-	-	3,971,679	3,971,679
Finance lease liabilities	319,095	201,648	312,755	-	833,498	765,967
Bank borrowings	2,494,603	954,463	840,320	437,467	4,726,853	4,162,085
Total undiscounted financial liabilities	11,859,549	1,156,111	1,153,075	437,467	14,606,202	13,973,903
2017						
Trade payables	116,079	-	-	-	116,079	116,079
Other payables	279,406	-	-	-	279,406	279,406
Amount due to a Director	4,536,045	-	-	-	4,536,045	4,536,045
Finance lease liabilities	205,772	162,017	62,208	20,682	429,997	414,974
Bank borrowings	1,360,507	-	-	-	1,360,507	1,360,507
Total undiscounted financial liabilities	6,497,809	162,017	62,208	20,682	6,722,034	6,707,011

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(iii) **Market risk (Cont'd)**

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

(a) **Interest rate risk**

The Group's fixed rate deposits placed with licensed banks and fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short- and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

Exposure to interest rate risk

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

	2018	**2017**
	RM	**RM**
Group		
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	1,926,162	1,610,444
Financial liability		
Financial lease liabilities	765,967	414,974
Floating rate instrument		
Financial liability		
Bank borrowings	4,162,085	1,360,507

32. **Financial Instruments (Cont'd)**

(b) **Financial risk management (Cont'd)**

(iii) **Market risk (Cont'd)**

(a) **Interest rate risk (Cont'd)**

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change of 0.25% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before taxation by RM10,405 (2017: RM3,401), arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) **Fair value information**

The Group's and the Company's carrying amounts of receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

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

	2018	**2017**
	RM	**RM**
Group		
Financial liabilities		
Finance lease liabilities (Level 2)		
- Carrying amount (Non-current)	479,930	224,225
- Fair value	475,798	225,996
Financial guarantees (Level 3)		
- Carrying amount	2,075,150	47,000
- Fair value	2,075,150	47,000

32. **Financial Instruments (Cont'd)**

(c) **Fair value information (Cont'd)**

	2018 RM	2017 RM
Company		
Financial liability		
Financial guarantees (Level 3)		
- Carrying amount (Non-current)	432,194	-
- Fair value	432,194	-

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

33. Capital Management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

	Group		Company
	2018	**2017**	**2017**
	RM	**RM**	**RM**
Total loans and borrowings	4,928,054	1,775,481	-
Less: Cash and cash equivalents	(2,214,879)	(1,622,381)	(10,002)
Net debt	2,713,175	153,100	(10,002)
Total equity	13,437,570	7,483,253	8,000,002
Gearing ratio	0.20	0.02	*

* *The gearing ratio analysis is not applicable as the Company's cash and cash equivalents are sufficient to repay all the borrowings.*

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

The Group is not subject to any external imposed capital requirements.

34. Capital Commitment

	Group	
	2018	**2017**
	RM	**RM**
Approved but not contracted for:		
- Purchase of property, plant and equipment	11,447,759	13,190,000
Approved and contracted for:		
- Purchase of property, plant and equipment	244,680	-
	11,692,439	13,190,000

35. Subsequent Event

On 15 January 2019, Bursa Securities Malaysia Berhad had approved-in-principle the admission of the Company to its Official List and the listing of and quotation for its entire enlarged issued and paid-up share capital of RM15,312,002 comprising 365,700,002 shares on the LEAP Market of Bursa Securities Malaysia Berhad.

36. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 30 April 2019.

UNI WALL APS HOLDINGS BERHAD
(Company No. 1269520-X)
(Incorporated in Malaysia)

ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of performance

As the Group currently operates wholly within Malaysia and only in the building facade industry, no segmental information is provided. The Group's operations are not significantly affected by any seasonal or cyclical factors.

(i) Revenue

The Group recorded a revenue of approximately RM17.3 million for the financial year ended ("**FYE**") 31 December 2018 as compared to RM9.4 million in the previous financial year, representing an increase of RM7.9 million or 84.0%. The increase in revenue was mainly due to the quantum of percentage of completion of 2 new projects secured (Hill 10 project: 23.2%; Central World project: 96.2%) recognised during the FYE 31 December 2018.

(ii) Gross profit ("**GP**") and GP margin

The Group recorded a GP of approximately RM9.9 million for the FYE 31 December 2018 as compared to RM8.1 million in the previous financial year, representing an increase of RM1.8 million or 22.2%. The increase in GP was mainly due to the increase in the Group's revenue in the FYE 31 December 2018 as explained above.

However, the Group's GP margin decreased from 87.1% in the FYE 31 December 2017 to 57.1% in the FYE 31 December 2018, mainly due to minimal purchases of materials as a result of higher efficiency of material usage and majority of the materials required has already been purchased in prior years following the completion of the Le Nouvel project in the FYE 31 December 2017.

(iii) Profit before taxation ("**PBT**") and PBT margin

The Group recorded a PBT of approximately RM7.2 million for the FYE 31 December 2018 as compared to RM5.9 million in the previous financial year, representing an increase of RM1.3 million or 22.0%. The increase in PBT was mainly due to increase in the Group's GP in the FYE 31 December 2018 as explained above.

However, the Group's PBT margin decreased from 63.5% in the FYE 31 December 2017 to 41.6% mainly due to decrease in the Group's GP margin in the FYE 31 December 2018 as explained above.

2. Prospects

The Company was listed on the LEAP Market of Bursa Securities on 15 January 2019 and had raised approximately RM7.3 million from the excluded issue of 45,700,000 of new ordinary shares at an issue price of RM0.16 per share to sophisticated investors within the meaning of Section 230 of the Capital Markets and Services Act 2007 ("**Excluded Issue**").

With the proceeds from the Excluded Issue, the Group has embarked on several projects in line with its business strategies and future plans as disclosed in the Information Memorandum dated 26 November 2018.

Among others, the Group will continue to implement its strategic plans in order to:

(i) expand the Group's geographical presence in Australia;

(ii) expand the Group's presence in the local building facade industry in Malaysia; and

(iii) expand the Group's factory facilities to allow for higher fabrication capacity.

To-date, the implementation of these plans is in progress within the management's control. Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 December 2019 will remain favourable.

PART B: OTHER INFORMATION

1. Status of corporate proposals

There are no corporate proposals which have been announced but pending completion as at the date of this report.

2. Utilisation of proceeds

As at 18 April 2019, the proposed utilisation of the Excluded Issue proceeds of approximately RM7.3 million is as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated time frame for utilisation upon listing
Capital expenditure	3,500	1,968	-	1,532	Within 12 months
Working capital	3,012	1,658	-	1,353	Within 24 months
Listing expenses	800	800	-	-	Immediate
Total proceeds	7,312	4,426	-	2,885	

3. Dividend payment

The Board proposed a final single-tier dividend of RM0.0028 per ordinary share in respect of the FYE 31 December 2018, which amounted to RM1,023,960. The final single-tier dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. The entitlement and payment dates shall be determined and announced by the Company in due course.

Dated 30 April 2019

UNI WALL APS HOLDINGS BERHAD
(Company No. 1269520-X)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

31 DECEMBER 2018

UNI WALL APS HOLDINGS BERHAD
(Company No. 1269520-X)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the First (1st) Annual General Meeting ("**AGM**") of Uni Wall APS Holdings Berhad (the "**Company**") will be held at Level 1 Wisma Putra, Putrajaya Marriott Hotel, IOI Resort City, 62502 Sepang Utara, Selangor Darul Ehsan on Friday, 31 May 2019 at 10.00 am or at any adjournment thereof for the following purposes:-

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.	*Please refer to Explanatory Note 1*
2.	To approve the payment of a final single-tier dividend of 0.28 sen per ordinary share for the financial year ended 31 December 2018.	Ordinary Resolution 1
3.	To approve the payment of Directors' fees and other benefits payable up to RM100,000 to be divided amongst the Directors in such manner as the Directors may determine for the period from 1 June 2019 until the conclusion of the next AGM of the Company.	Ordinary Resolution 2
4.	To re-elect the following Directors who are retiring pursuant to Clause 112 of the Company's Constitution and being eligible, have offered themselves for re-election:	
	i. Siow Hon Yong	Ordinary Resolution 3
	ii. Siow Hon Yuen	Ordinary Resolution 4
	iii. Siew Choon Jern	Ordinary Resolution 5
5.	To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6

<u>AS SPECIAL BUSINESS</u>

To consider and, if thought fit, pass with or without modifications the following resolution: -

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016** Ordinary Resolution 7

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to Rule 5.04 of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution must be not more than 100% of the total number of issued shares, of which the aggregate number of shares issued other than on pro rata basis to existing shareholders must be not more than 50% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities; AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company."

7. To transact any other ordinary business for which due notice have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the First (1st) AGM, a final single-tier dividend of 0.28 sen per ordinary share for the financial year ended 31 December 2018, if approved, will be paid on 15 July 2019 to holders of ordinary share registered in the Record of Depositors of the Company at the close of business on 1 July 2019.

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

a) Securities transferred into Depositor's Securities Account before 4.30 p.m. on 1 July 2019 in respect of transfers; and
b) Securities bought on Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

By Order of the Board,

Tan Tong Lang (MAICSA 7045482)
Thien Lee Mee (LS0009760)
Company Secretaries

Kuala Lumpur
9 May 2019

Notes:

(1) A member of the Company entitled to attend and vote at this meeting may appoint proxy(ies) (or in case of a corporation, a duly authorised representative) to attend and vote on his stead. A proxy may but need not be a member of the Company.
(2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form shall be executed either under its common seal or under the hand of an officer or attorney duly authorised.
(3) Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
*(4) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
(5) The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
(6) *Only the member whose names appear on the Record of Depositors as at 24 May 2019 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.*

Explanatory Notes:

1. **Audited Financial Statements for the Financial Year Ended 31 December 2018**

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

2. **Ordinary Resolution 7: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

   The Ordinary Resolution 7, if passed, is proposed for the purpose of granting the Company a new general mandate ("**General Mandate**") under Sections 75 and 76 of the Companies Act 2016 and subject to Rule 5.04 of the LEAP Market Listing Requirements of Bursa Securities.

   The Ordinary Resolution 7, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a general meeting. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company, or during the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

   The General Mandate, if granted, will 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 investment project(s), working capital and/or acquisitions.


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