

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

Board of Directors	-	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock Datuk Ng Thian Kwee Dato' Milton Norman Ng Kwee Leong Mat Ripen Bin Mat Elah Steven Junior Ng Kwee Leng Malcolm Jeremy Ng Kwee Seng Ooi Hock Guan
Company Secretary	-	Cheam Tau Chern SSM PC No.: 201908000002
Auditors	-	HLB Ler Lum Chew PLT 201906002362 & AF 0276 Chartered Accountants A member of HLB International
Country of Domicile	-	Malaysia
Registered Office	-	No. 22C, Jalan Gelugor 41050 Klang Selangor Darul Ehsan
Business Office	-	10th Floor, Menara Amverton Garden Business Centre 3 Jalan Istana 41000 Klang Selangor Darul Ehsan

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AMVERTON BERHAD
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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 ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 13 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year	8,617,691	7,499,114
	=====	=====
Attributable to :-		
Equity holders of the Company	8,029,169	7,499,114
Non-controlling interests	588,522	-
	-----	-----
	8,617,691	7,499,114
	=====	=====

DIVIDENDS

No dividend have been paid or declared by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

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DIRECTORS' REPORT – (Continued)

DIRECTORS

The Directors who served on the Board of the Company during the financial year until the date of this Report are :-

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock
Puan Sri Datin Catherine Yeoh Eng Neo (Resigned on 10 March 2021)
Datuk Ng Thian Kwee
Dato' Milton Norman Ng Kwee Leong
Mat Ripen Bin Mat Elah
Steven Junior Ng Kwee Leng
Malcolm Jeremy Ng Kwee Seng
Ooi Hock Guan

DIRECTORS OF SUBSIDIARIES

The following is a list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this Report:

Dato' Ambrose Leonard Ng Kwee Heng
Dato' Amzah Bin Umar
Adri Mazlan Bin Marmuji
Chigusa Tohru
Chuah Chin Guan
Lee Chien Hui
Ng Thian Ann
Tokio Nakada

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DIRECTORS' REPORT – (Continued)

DIRECTORS' INTERESTS

The following Directors of the Company who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, interests in shares of the Company and related companies as follows :-

	←----- Number of ordinary shares ----->			Balance at 31.12.2021
	Balance at 1.1.2021	Acquired	Disposed	
<i>The Company</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock				
- direct interest	39,822,112	-	-	39,822,112
- deemed interest	320,152,922	106,100	-	320,259,022
Dato' Milton Norman Ng Kwee Leong				
- direct interest	1,400,000	-	-	1,400,000
- deemed interest	351,479,134	106,100	-	351,585,234
Steven Junior Ng Kwee Leng				
- direct interest	1,000,000	-	-	1,000,000
- deemed interest	351,479,134	106,100	-	351,585,234
Malcolm Jeremy Ng Kwee Seng				
- direct interest	3,507,900	-	-	3,507,900
- deemed interest	351,479,134	106,100	-	351,585,234
<i>Holding company - Dalta Industries Sdn. Bhd.</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock				
- direct interest	7,000,000	-	-	7,000,000
- deemed interest	6,000,000	-	-	6,000,000
Dato' Milton Norman Ng Kwee Leong				
- direct interest	1,000,000	-	-	1,000,000
- deemed interest	9,000,000	-	-	9,000,000
Steven Junior Ng Kwee Leng				
- direct interest	1,000,000	-	-	1,000,000
- deemed interest	9,000,000	-	-	9,000,000
Malcolm Jeremy Ng Kwee Seng				
- direct interest	1,000,000	-	-	1,000,000
- deemed interest	9,000,000	-	-	9,000,000

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DIRECTORS' REPORT – (Continued)

	<----- Number of ordinary shares ----->			
	Balance at 1.1.2021	Acquired	Disposed	
<i>Related company - Hil Industries Berhad</i>				
Tan Sri Dato' Ir. Ng Boon Thong @				
Ng Thian Hock				
- direct interest	15,069,479	-	-	15,069,479
- deemed interest	233,577,745	33,365,100	(33,365,100)	233,577,745
Dato' Milton Norman Ng Kwee Leong				
- direct interest	13,262,559	-	-	13,262,559
- deemed interest	202,714,965	33,365,100	(18,500,000)	217,580,065
Steven Junior Ng Kwee Leng				
- direct interest	7,249,800	-	-	7,249,800
- deemed interest	202,714,965	33,365,100	(18,500,000)	217,580,065
Malcolm Jeremy Ng Kwee Seng				
- direct interest	6,290,720	-	-	6,290,720
- deemed interest	202,714,965	33,365,100	(18,500,000)	217,580,065
	<----- Number of warrants 2017/2027 ----->			
	Balance at 1.1.2021	Acquired	Disposed	Balance at 31.12.2021
Tan Sri Dato' Ir. Ng Boon Thong @				
Ng Thian Hock				
- direct interest	5,022,713	-	-	5,022,713
- deemed interest	34,743,071	-	-	34,743,071
Dato' Milton Norman Ng Kwee Leong				
- direct interest	1,333,659	-	-	1,333,659
- deemed interest	36,298,025	-	-	36,298,025
Steven Junior Ng Kwee Leng				
- direct interest	708,300	-	-	708,300
- deemed interest	36,298,025	-	-	36,298,025
Malcolm Jeremy Ng Kwee Seng				
- direct interest	715,120	-	-	715,120
- deemed interest	36,298,025	-	-	36,298,025

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DIRECTORS' REPORT – (Continued)

	<----- Number of ordinary shares ----->			
	Balance at 1.1.2021	Acquired	Disposed	Balance at 31.12.2021
<i>Related companies</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng - deemed interest				
Idaman Kalbu Sdn. Bhd.	74,250	-	-	74,250
Lipat Ganda Sdn. Bhd.	99,046	-	-	99,046
Pillar Industries Sdn. Bhd.	161,910	-	-	161,910
Profail Padu Sdn. Bhd.	1,600,000	-	-	1,600,000

By virtue of their interests in Delta Industries Sdn. Bhd., Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng are also deemed to be interested in the shares of all the subsidiaries to the extent of the Company's interests in the respective subsidiaries as disclosed in Note 13 to the Financial Statements.

Other than as disclosed above, the Directors who held office at the end of the financial year did not have interests in the shares or debentures of the Company or related companies during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS, AND AUDITORS

During the financial year, there were no indemnity given to or insurance effected for, any Director or officer of the Company.

The Company has agreed to indemnify the Auditors, HLB Ler Lum Chew PLT as permitted under Section 289 of the Companies Act, 2016 in Malaysia.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Group) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the Notes to the Financial Statements and that certain Directors received remuneration from the Company's related companies.

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DIRECTORS' REPORT – (Continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- (a) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this Report, there does not exist :-

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

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

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DIRECTORS' REPORT – (Continued)

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that :-

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

In their opinion,

- (a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 37 to the financial statements; and
- (b) except as disclosed in Note 37 to the financial statements, there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

HOLDING COMPANY

The Directors regard Delta Industries Sdn. Bhd., a company incorporated in Malaysia, as the Company's holding company.

SUBSIDIARY/SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 13 to the Financial Statements.

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DIRECTORS' REPORT – (Continued)

AUDITORS

The auditors, HLB Ler Lum Chew PLT, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 7 to the Financial Statements.

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



Dato' Milton Norman
Ng Kwee Leong



Malcolm Jeremy Ng Kwee Seng

Dated : **31 MAY 2022**
Klang

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
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STATEMENT BY DIRECTORS

We, DATO' MILTON NORMAN NG KWEE LEONG and MALCOLM JEREMY NG KWEE SENG, being two of the Directors of AMVERTON BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements 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 2021 and of their financial performance and cash flows for the year then ended.

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



Dato' Milton Norman
Ng Kwee Leong



Malcolm Jeremy Ng Kwee Seng

Dated : **31 MAY 2022**
Klang

STATUTORY DECLARATION

I, MALCOLM JEREMY NG KWEE SENG, being the Director primarily responsible for the financial management of AMVERTON BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements 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.



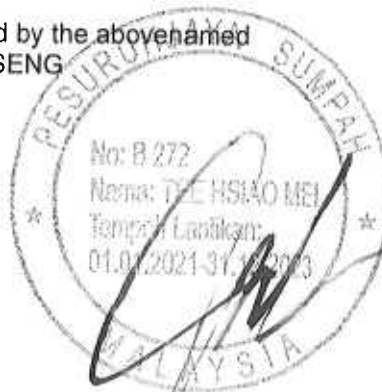
Malcolm Jeremy Ng Kwee Seng

Subscribed and solemnly declared by the abovenamed
MALCOLM JEREMY NG KWEE SENG
at Klang on

31 MAY 2022

Before me :

Commissioner for Oaths



ALAMAT PESURUH KAJI SUMPAN
NO. 7, TINGKAT BAWAH, LESUH PIMANG OJA
PUSAT PERNIAGAAN NDC, TAMAN MERU,
41050 KLANG, SELANGOR DARUL EHSAN

Company No : 198801009857 (177214-H)

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AMVERTON BERHAD**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Amverton Berhad, which comprise the Statements of Financial Position as at 31 December 2021 of the Group and of the Company, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies, as set out on pages 13 to 93.

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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Company No : 198801009857 (177214-H)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AMVERTON BERHAD – (Continued)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AMVERTON BERHAD – (Continued)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the Financial Statements.

Other Matters

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



HLB LER LUM CHEW PLT
201906002362 & AF 0276
Chartered Accountants



WONG CHEE HONG
03160/09/2022 J
Chartered Accountant

Dated : **31 MAY 2022**
Kuala Lumpur

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	3	101,694,868	74,785,135	7,584,213	175,716,245
Cost of sales	4	(68,048,342)	(50,254,850)	(8,086)	(10,365)
Gross profit		33,646,526	24,530,285	7,576,127	175,705,880
Other operating income	5	2,692,505	3,677,841	-	3,420
Selling & distribution costs		(31,792)	(64,847)	-	-
Administration expenses		(18,378,959)	(17,884,806)	(74,805)	(618,317)
Other operating expenses		(4,747,689)	(4,666,944)	-	-
Finance costs	6	(214,627)	(76,332)	-	-
Share of loss of associated companies		(276,503)	(325,091)	-	-
Profit before tax	7	12,689,461	5,190,106	7,501,322	175,090,983
Income tax expense	9	(4,071,770)	(2,563,405)	(2,208)	(1,238)
Profit for the year		8,617,691	2,626,701	7,499,114	175,089,745
Attributable to :-					
Equity holders of the Company		8,029,169	2,054,352	7,499,114	175,089,745
Non-controlling interests		588,522	572,349	-	-
		8,617,691	2,626,701	7,499,114	175,089,745

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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AMVERTON BERHAD
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 - (Continued)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Profit for the year		8,617,691	2,626,701	7,499,114	175,089,745
Other comprehensive loss, net of tax:					
Items that will not be reclassified to profit or loss					
- Net fair value loss on equity instruments at fair value through other comprehensive income		(466)	(1,652)	-	-
Total comprehensive income for the year		<u>8,617,225</u>	<u>2,625,049</u>	<u>7,499,114</u>	<u>175,089,745</u>
Attributable to :-					
Equity holders of the Company		8,028,703	2,052,700	7,499,114	175,089,745
Non-controlling interests		588,522	572,349	-	-
		<u>8,617,225</u>	<u>2,625,049</u>	<u>7,499,114</u>	<u>175,089,745</u>
Earnings per share for profit for the year attributable to equity holders of the Company (sen)	10			<u>2.20</u>	<u>0.56</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant & equipment	11	246,866,077	222,026,164	619,570	631,260
Investment properties	12	58,203,434	59,937,661	-	-
Investment in subsidiaries	13	-	-	426,290,780	421,836,800
Investment in associated companies	14	2,361,157	3,037,660	-	-
Inventories	15	139,206,322	132,813,449	-	-
Other investments	16	66,257	66,723	64,980	64,980
Goodwill	17	19,089,685	19,089,685	-	-
Fixed deposits	18	6,985,501	6,935,832	-	-
Deferred tax assets	19	672,959	672,959	-	-
		<u>473,451,392</u>	<u>444,580,133</u>	<u>426,975,330</u>	<u>422,533,040</u>
Current assets					
Inventories	15	358,234,189	375,738,184	-	-
Biological assets	20	212,306	168,282	-	-
Trade & other receivables	21	63,439,476	42,746,961	473,899	314,886
Contract assets	22	4,706,987	4,683,680	-	-
Amount due from related parties	23	-	23,500	-	-
Income tax assets		884,800	1,418,300	268,899	269,446
Fixed deposits	18	18,633,184	19,455,787	-	-
Cash & bank balances	24	22,680,968	24,254,865	3,096,389	653,724
		<u>468,791,910</u>	<u>468,489,559</u>	<u>3,839,187</u>	<u>1,238,056</u>
Total assets		<u>942,243,302</u>	<u>913,069,692</u>	<u>430,814,517</u>	<u>423,771,096</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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AMVERTON BERHAD
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 – (Continued)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of parent					
Share capital	25	217,605,412	217,605,412	217,605,412	217,605,412
Fair value adjustment reserve		(34,628)	(34,162)	-	-
Retained earnings		511,830,354	503,801,185	212,882,770	205,383,656
		729,401,138	721,372,435	430,488,182	422,989,068
Non-controlling interests		87,191,761	74,059,239	-	-
Total equity		816,592,899	795,431,674	430,488,182	422,989,068
Non-current liabilities					
Borrowings	26	683,783	869,289	-	-
Lease liabilities	27	1,990,344	2,332,089	-	-
Deferred tax liabilities	19	61,379,725	63,047,503	-	-
Total non-current liabilities		64,053,852	66,248,881	-	-
Current liabilities					
Trade & other payables	28	24,128,426	15,143,915	26,335	24,718
Contract liabilities	22	34,601,802	34,601,802	-	-
Borrowings	26	194,533	130,711	-	-
Lease liabilities	27	683,446	710,590	-	-
Amount due to related parties	23	7,026	-	300,000	757,310
Income tax liabilities		1,981,318	802,119	-	-
Total current liabilities		61,596,551	51,389,137	326,335	782,028
Total liabilities		125,650,403	117,638,018	326,335	782,028
Total equity and liabilities		942,243,302	913,069,692	430,814,517	423,771,096

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	<-----Attributable to owners of the parent ----->				Non-controlling interests	Total equity
	Share capital	Non-distributable Fair value adjustment reserve	Distributable Retained earnings	Total		
	RM	RM	RM	RM		
Balance at 1 January 2020	217,605,412	(32,510)	501,746,833	719,319,735	24,659,824	743,979,559
Total comprehensive (loss)/income for the year	-	(1,652)	2,054,352	2,052,700	572,349	2,625,049
Dividend paid	-	-	-	-	(206,934)	(206,934)
Additional investment from non-controlling interests	-	-	-	-	49,034,000	49,034,000
Balance at 31 December 2020	217,605,412	(34,162)	503,801,185	721,372,435	74,059,239	795,431,674
Total comprehensive (loss)/income for the year	-	(466)	8,029,169	8,028,703	588,522	8,617,225
Additional investment from non-controlling interests	-	-	-	-	12,544,000	12,544,000
Balance at 31 December 2021	217,605,412	(34,628)	511,830,354	729,401,138	87,191,761	816,592,899

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 - (Continued)

Company	Share capital RM	Distributable Retained earnings RM	Total RM
Balance at 1 January 2020	217,605,412	30,293,911	247,899,323
Total comprehensive income for the year	-	175,089,745	175,089,745
Balance at 31 December 2020	217,605,412	205,383,656	422,989,068
Total comprehensive income for the year	-	7,499,114	7,499,114
Balance at 31 December 2021	217,605,412	212,882,770	430,488,182

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Profit before tax	12,689,461	5,190,106	7,501,322	175,090,983
Adjustments for :-				
Depreciation	6,435,318	6,249,405	11,690	11,690
Dividend income	(1,732)	(72,861)	(7,574,899)	(175,711,211)
Impairment loss on financial assets				
- contract assets	476	282	-	-
- trade & other receivables (net)	8,666	(57,902)	-	-
Interest expense	214,267	76,332	-	-
Interest income	(796,460)	(1,418,621)	(9,314)	(5,034)
Inventories write-down (net)	(125)	79,504	-	-
Gain on disposal of property, plant & equipment (net)	(4,649)	(15,465)	-	-
Fair value changes in biological assets (net)	(44,024)	(66,091)	-	-
Fair value loss in investment	-	5,565	-	5,565
Investment properties written off	4,380	-	-	-
Property, plant & equipment written off	281	40	-	-
Share of loss of associated companies	276,503	325,091	-	-
Operating profit/(loss) before working capital changes	18,782,362	10,295,385	(71,201)	(608,007)
Inventories	11,426,494	5,693,117	-	-
Receivables	(20,701,181)	(6,213,544)	(159,013)	17,367
Contract assets	(23,783)	(14,096)	-	-
Payables	8,984,511	(3,049,059)	1,617	(728,398)
Inter-company balances	30,526	(11,166)	(4,611,290)	(6,607,987)
Cash generated from/(used in) operations	18,498,929	6,700,637	(4,839,887)	(7,927,025)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AMVERTON BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 – (Continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend received	401,732	72,861	7,274,899	666,859
Interest received	796,460	1,418,621	9,314	5,034
Interest paid	(214,267)	(76,332)	-	-
Income tax paid	(4,026,849)	(4,046,886)	(1,661)	(900)
Net cash from/(used in) operating activities	15,456,005	4,068,901	2,442,665	(7,256,032)
Cash flows from investing activities				
Acquired of subsidiary-net	-	828	-	-
Proceeds from disposal of property, plant & equipment	4,812	20,600	-	-
Purchase of investment properties	-	(15,900)	-	-
Purchase of property, plant & equipment	(29,545,828)	(32,035,267)	-	-
Net cash used in investing activities	(29,541,016)	(32,029,739)	-	-
Cash flows from financing activities				
Dividend paid to non-controlling interest	-	(206,934)	-	-
Net repayment of lease liabilities	(684,136)	(494,882)	-	-
(Repayment)/Proceeds from borrowing	(121,684)	1,000,000	-	-
Proceed from issue of shares in subsidiaries to non-controlling interest	12,544,000	-	-	-
Placement of fixed deposits under lien	(49,669)	(3,467,914)	-	-
Withdrawal of short term investment	-	7,033,343	-	7,033,343
Net cash from financing activities	11,688,511	3,863,613	-	7,033,343

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 – (Continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net changes in cash and cash equivalents	(2,396,500)	(24,097,225)	2,442,665	(222,689)
Cash and cash equivalents brought forward	43,710,652	67,807,877	653,724	876,413
Cash and cash equivalents carried forward	41,314,152	43,710,652	3,096,389	653,724

NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Cash and cash equivalents comprise :-

Fixed deposits	25,618,685	26,391,619	-	-
Cash & bank balances	22,680,968	24,254,865	3,096,389	653,724
	48,299,653	50,646,484	3,096,389	653,724
Less : Fixed deposits under lien	(6,985,501)	(6,935,832)	-	-
	41,314,152	43,710,652	3,096,389	653,724

	Group	
	2021 RM	2020 RM
(b) Analysis of acquisition of property, plant & equipment		
Cash	29,545,828	32,035,267
Lease arrangement	-	1,336,506
	29,545,828	33,371,773

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 – (Continued)

	2021 RM	Group	2020 RM
(c) Reconciliation of liabilities arising from financing activities			
Borrowings			
At 1 January	4,042,679		666,058
<u>Cash inflow</u>			
Proceeds from borrowing		-	1,000,000
<u>Cash outflow</u>			
Interest paid	(214,627)		(75,329)
Repayment	(805,820)		(494,882)
<u>Non-cash changes</u>			
Finance cost	214,627		75,329
Acquisition of property, plant & equipment		-	1,336,506
Acquisition of inventories	315,247		1,534,997
At 31 December	<u>3,552,106</u>		<u>4,042,679</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company No: 198801009857 (177214-H)

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in Note 13 to the Financial Statements.

The Company is a limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office of the Company is as follows :-

No. 22C, Jalan Gelugor
41050 Klang
Selangor Darul Ehsan

The address of the principal place of business of the Company is as follows: -

10th Floor, Menara Amverton
Garden Business Centre
3 Jalan Istana
41000 Klang
Selangor Darul Ehsan

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention (unless stated otherwise in the significant **accounting policies below**) and comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with the MFRS and the requirements of the Companies Act 2016 requires the Directors to make estimations and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. It also requires the Directors to exercise their judgements in the process of applying the Company's accounting policies. Although these estimates and judgements are based on Directors' best knowledge of current events and actions, actual results may differ.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 33 to the Financial Statements.

The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

(b) Changes in accounting policies

The accounting policies and methods of computation adopted are consistent with those of the previous financial year except for the adoption of the amendments to MFRS and IC Interpretations ("IC Int") that are applicable to the Group and to the Company for the financial year beginning 1 January 2021.

The adoption of these amendments to MFRS and IC Int does not have any significant financial impact to the Group and to the Company.

(c) Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company has not adopted the MFRS, amendments to MFRS and IC Int that are effective for financial year beginning 1 January 2022.

The adoption of these MFRS, Amendments to MFRS and IC Interpretations are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

(d) Property, plant & equipment and depreciation

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

All costs directly related to bearer plants are capitalised until such time as the bearer plants reach maturity, at which point all further costs are expensed and depreciation commences. Such costs include seedling and planting costs, other upkeep costs, and an allocation of overhead costs.

Freehold land are not amortised whilst assets under construction are not depreciated. Depreciation for assets under construction will only be charged when the construction of the assets are completed for their intended use. Depreciation commences when the bearer plants mature or when the assets under constructions are ready for their intended use.

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Depreciation on all other property, plant & equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant & equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows :-

	%
Leasehold land	1.02 - 1.20
Buildings	1.02 - 2.00
Vehicles	12.50 - 25.00
Plant & machinery	10.00 - 25.00
Furniture, fittings & equipment	10.00 - 33.33
Bearer plants	4.50

Residual value, useful life and depreciation method of assets are reviewed at each financial year-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 items of property, plant & equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in profit or loss.

(e) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, construction contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(f) Investment properties

Investment properties, principally comprising land and buildings are held for rental income or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and accumulated impairment losses.

Freehold land are not amortised whilst assets under construction are not depreciated. Depreciation for assets under construction will only be charged when the construction of the assets are completed for their intended use.

Depreciation on other investment properties is calculated on the straight line basis at rates required to write off the cost of the investment properties over their estimated useful lives.

The principal annual rate of depreciation used is as follows :-

Buildings	1.08% - 4.00%
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Upon disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of retirement or disposal.

(g) Basis of consolidation

Subsidiaries 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

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

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Goodwill" for the accounting policy on goodwill subsequent to initial recognition.

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(h) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(i) Investment in subsidiaries

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

(j) Investment in associated companies

In the Company's separate financial statements, investment in associated companies is stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence and any retained interest in the former associate is a financial asset. Such retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

(k) Inventories

(i) Land held for property development

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current. The carrying amount of such land classified as inventory under non-current assets is carried at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Property development costs are stated at the lower of costs and net realisable value. The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statements of financial position as property development costs. The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(iii) Completed development units & odd lot land

Units of development properties and odd lot land completed and held for sale are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

(iv) Finished goods, raw materials and consumable stores

Inventories are stated at the lower of cost and net realisable value. Cost includes cost of purchase plus incidental cost and other costs of bringing the inventories to their present location and condition. The cost of inventories is determined on a weighted average basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs to completion and selling expenses.

(l) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(m) Income tax and deferred tax

Income tax on profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(n) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to be customer, excluding amounts collected on behalf of third party, in the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

AMVERTON BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured FVOCI are subsequently measures at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit loss. The cumulative gain or loss previously recognised in other comprehensive income in reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the assets has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instrument is recognised in profit or loss.

(o) Impairment of financial assets

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

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

For trade receivables and contract assets, the Group applies a simplified approach in calculation ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience adjusted for forward – looking factors specific to the receivables and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(p) Share capital

Ordinary shares are equity instruments and recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends to shareholders are recognised in equity in the period in which they are declared.

AMVERTON BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(q) Leases

(i) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognised a right-of-use ("ROU") asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 27.

(ii) When the Group is the lessor:

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(r) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(s) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(i) Revenue from property development

The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(ii) Sale of goods – Trading

The Group sells automotive products in the trading market. Sales are recognised when control of the products have transferred to its customers, being when the products are delivered to the automotive products dealer. The automotive products dealer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the automotive products dealer's acceptance of the products. The risk of obsolescence and loss have been transferred to the automotive products dealer, and either the automotive products dealer has accepted the products in accordance with the sales contract, the acceptance provision have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. No element of financing is deemed present as the sales are made with a credit term of 120 days, which is consistent with market practice.

Revenue from sales of automotive products is recognised when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured.

(iii) Revenue from hotels operations

The Group's performance obligation is to provide accommodation and other goods and services to guests. Revenue includes rooms revenue and food and beverage sales, which is recognised when the rooms are occupied and food and beverages are sold.

(iv) Sales of agricultural produce and refined palm oil related products

Revenue from sales of agricultural produce such as crude palm oil ("CPO"), fresh fruit bunches ("FFB") and palm kernel ("PK") are recognised net of discount and taxes collected on behalf at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board vessels or tankers for onward delivery to the customer.

Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group are as follows:

(i) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent related income is recognised in the accounting period in which the services have been rendered.

AMVERTON BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(ii) Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a receipt basis.

(iii) Dividend income

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

(t) Borrowing costs

Interest on borrowings incurred to finance the construction of property, plant & equipment is capitalised as part of the cost of assets during the period of time that is required to complete and prepare the assets for its intended use. Interest on borrowings incurred to finance property development activities and construction contracts are accounted for in a similar manner. All other interest on borrowings is expensed.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in profit or loss.

(u) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Post-employment benefits

Defined contribution plan

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

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

(v) Foreign currency

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(w) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with financial institutions which have an insignificant risk of changes in value. For the purpose of the Statements of Cash Flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

AMVERTON BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

3. REVENUE

The Group and the Company derive the following types of revenue:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers (Note a)	88,327,893	62,619,604	-	-
Revenue from other sources (Note b)	13,366,975	12,165,531	7,584,213	175,716,245
Total revenue	101,694,868	74,785,135	7,584,213	175,716,245

(a) Revenue from contracts with customers

Sale of goods	36,066,096	33,770,717	-	-
Sale of completed units	34,246,221	13,443,712	-	-
Rendering of services	10,710,064	11,213,088	-	-
Sale of plantation produce and related products	7,305,512	4,192,087	-	-
	88,327,893	62,619,604	-	-

2021

	Property development* RM	Trading RM	Hotel & leisure RM	Plantation RM	Group RM
Sale of goods	-	32,771,146	3,294,950	-	36,066,096
Sale of completed units	34,246,221	-	-	-	34,246,221
Rendering of services	1,217,376	-	9,492,688	-	10,710,064
Sale of plantation produce and related products	-	-	-	7,305,512	7,305,512
	35,463,597	32,771,146	12,787,638	7,305,512	88,327,893

Timing of revenue recognition:

At a point in time	35,463,597	32,771,146	12,787,638	7,305,512	88,327,893
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AMVERTON BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

2020

	Property development* RM	Trading RM	Hotel & leisure RM	Plantation RM	Group RM
Sale of goods	-	30,630,733	3,139,984	-	33,770,717
Sale of completed units	13,443,712	-	-	-	13,443,712
Rendering of services	1,116,830	-	10,096,258	-	11,213,088
Sale of plantation produce and related products	-	-	-	4,192,087	4,192,087
	<u>14,560,542</u>	<u>30,630,733</u>	<u>13,236,242</u>	<u>4,192,087</u>	<u>62,619,604</u>

Timing of revenue recognition:

At a point in time	<u>14,560,542</u>	<u>30,630,733</u>	<u>13,236,242</u>	<u>4,192,087</u>	<u>62,619,604</u>
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*Refer to Property development & investment, construction and other related services rendered.

(b) Revenue from other sources

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Rental income from				
- investment properties	9,154,844	8,060,011	-	-
- other properties	4,160,324	4,001,487	-	-
Interest income	50,075	31,188	9,314	5,034
Dividend income from equity investments measured at FVOCI				
- quoted investment, in Malaysia	1,732	1,386	1,732	1,386
- unquoted subsidiary, in Malaysia	-	-	7,573,167	175,638,366
- others, in Malaysia	-	71,459	-	71,459
	<u>13,366,975</u>	<u>12,165,531</u>	<u>7,584,213</u>	<u>175,716,245</u>

AMVERTON BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

4. COST OF SALES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cost of inventories	55,176,375	38,383,481	-	-
Cost of services rendered & other direct operating costs	12,871,967	11,871,369	8,086	10,365
	<u>68,048,342</u>	<u>50,254,850</u>	<u>8,086</u>	<u>10,365</u>

5. OTHER OPERATING INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Included in other operating income are the following :-				
Dividend income				
- quoted investment, in Malaysia	-	16	-	-
Fair value loss in investment	-	(5,565)	-	(5,565)
Gain on disposal of property, plant & equipment	4,649	15,465	-	-
Gain on full redemption of unit trust - realised	-	8,985	-	8,985
Interest income from financial assets measured at amortised cost				
- fixed deposits	746,385	1,387,433	-	-
Rental income from other properties	482,829	562,238	-	-
	<u>746,385</u>	<u>1,387,433</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

6. FINANCE COSTS

	Group	
	2021 RM	2020 RM
Bank overdraft interest	1,000	1,003
Finance lease interest	104,956	44,024
Lease liabilities interest	63,738	31,305
Term loan interest	44,933	-
	214,627	76,332
	214,627	76,332

7. PROFIT BEFORE TAX

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax is stated after charging except as disclosed in other notes :-				
Auditors' remuneration				
- statutory				
- current financial year	233,700	245,500	17,200	23,000
- over provision in prior financial year	(39,399)	(60,050)	(5,800)	-
- others	5,600	3,000	-	-
Depreciation	6,435,318	6,249,405	11,690	11,690
Directors' remuneration				
- fees	12,000	56,300	-	-
- emoluments	1,530,160	1,650,098	-	-
Impairment loss on financial assets				
- contract assets	476	282	-	-
- trade & other receivables - net	8,666	(57,902)	-	-
Inventories write-down - net	(125)	79,504	-	-
Fair value changes in biological assets - net	(44,024)	(66,091)	-	-
Property, plant & equipment written off	281	40	-	-
Lease expenses not capitalised in lease liabilities				
- low value leases	11,436	26,356	-	-
- short term leases	56,820	72,300	-	-
Loss/(Gain) on foreign exchange				
- realised	11,047	160	-	-
- unrealised	(6,952)	-	-	-
	(6,952)	-	-	-
	(6,952)	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM3,146,468 (2020: RM3,167,367).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM4,031 (2020: RM4,031).

8. EMPLOYEE COMPENSATION

	Group	
	2021 RM	2020 RM
Salaries, wages & bonus	11,272,664	11,835,558
Defined contribution plan benefits	1,023,191	1,113,103
Other benefits	872,572	793,369
	<u>13,168,427</u>	<u>13,742,030</u>

Included in employee compensation of the Group are executive directors' remuneration amounting to RM1,530,160 (2020: RM1,650,098).

9. INCOME TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysian current income tax	4,832,615	2,631,263	2,200	1,200
Under provision in prior financial years	906,933	856,106	8	38
Deferred tax (Note 19)				
- origination and reversal of temporary differences	(1,667,778)	(923,964)	-	-
	<u>4,071,770</u>	<u>2,563,405</u>	<u>2,208</u>	<u>1,238</u>

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	12,689,461	5,190,106	7,501,322	175,090,983
Income tax using Malaysian tax rate of 24%	3,045,471	1,245,625	1,800,317	42,021,836
Non deductible expenses	663,585	977,757	19,859	152,211
Under provision in prior financial years	906,933	856,106	8	38
Tax effect of unrecognised deferred tax	(511,941)	(313,166)	-	-
Income not subject to tax	(28,529)	(19,643)	(1,817,976)	(42,172,847)
Tax effect on share of loss of associated companies	66,361	78,022	-	-
Utilisation of investment tax allowance	(70,110)	(261,296)	-	-
	4,071,770	2,563,405	2,208	1,238

The Company may distribute dividends out of its entire retained earnings as at 31 December 2021 under single-tier system.

In addition, the Company has tax exempt income as at 31 December 2021 arising from the exempt dividend income and Income Tax (Amendment) Act 1999, relating to tax on income earned in 1999 being waived amounting to approximately RM11,392,000 (2020: RM11,392,000) available for distribution as tax exempt dividends to shareholders. This tax exempt income is subject to agreement by the Inland Revenue Board.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

10. EARNINGS PER SHARE ("EPS")

Basic EPS

Basic EPS of the Group is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2021	2020
Profit for the year attributable to owners (RM)	8,029,169	2,054,352
Weighted average number of ordinary shares in issue	365,063,800	365,063,800
Basic EPS (sen)	2.20	0.56

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

11. PROPERTY, PLANT & EQUIPMENT

2021 – Group

	Freehold land	Leasehold land	Buildings	Vehicles	Plant & machinery	Furniture, fittings & equipment	Assets under construction	Bearer plants	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
At 1.1.2021	45,750,750	6,866,129	110,539,203	9,065,186	15,245,303	20,055,814	71,476,969	3,596,859	282,596,213
Additions	463,186	20	9,612	252,059	1,570,029	174,553	27,018,943	57,426	29,545,828
Disposal	-	-	-	(70,210)	-	-	-	-	(70,210)
Written off	-	-	-	-	-	(165,823)	-	-	(165,823)
Transfer	-	-	22,936,281	-	114,902	5,724,779	(28,775,962)	-	-
Adjustment	-	(120)	-	-	-	-	-	(42)	(162)
At 31.12.2021	46,213,936	6,866,029	133,485,096	9,247,035	16,930,234	25,789,323	69,719,950	3,654,243	311,905,846
Accumulated Depreciation									
At 1.1.2021	-	742,544	22,364,928	8,293,670	12,324,653	14,124,097	-	2,720,157	60,570,049
Charges during the year	-	76,245	2,098,890	305,402	866,870	1,199,549	-	158,515	4,705,471
Disposal	-	-	-	(70,209)	-	-	-	-	(70,209)
Written off	-	-	-	-	-	(165,542)	-	-	(165,542)
At 31.12.2021	-	818,789	24,463,818	8,528,863	13,191,523	15,158,104	-	2,878,672	65,039,769
Net Book Value									
At 31.12.2021	46,213,936	6,047,240	109,021,278	718,172	3,738,711	10,631,219	69,719,950	775,571	246,866,077

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

2020 – Group

	Freehold land	Leasehold land	Buildings	Vehicles	Plant & machinery	Furniture, fittings & equipment	Assets under construction	Bearer plants	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
At 1.1.2020	45,724,620	6,863,260	110,069,597	8,786,116	13,865,212	18,646,181	42,581,472	3,580,820	250,117,278
Additions	26,130	2,869	1,167,248	279,070	1,192,291	1,515,229	29,172,897	16,039	33,371,773
Disposal	-	-	-	-	(69,600)	-	-	-	(69,600)
Written off	-	-	-	-	-	(105,596)	-	-	(105,596)
Transfer	-	-	20,000	-	257,400	-	(277,400)	-	-
Expiry	-	-	(717,642)	-	-	-	-	-	(717,642)
At 31.12.2020	45,750,750	6,866,129	110,539,203	9,065,186	15,245,303	20,055,814	71,476,969	3,596,859	282,596,213
Accumulated Depreciation									
At 1.1.2020	-	666,299	21,006,407	7,983,773	11,618,665	13,101,545	-	2,561,641	56,938,330
Charges during the year	-	76,245	2,076,163	309,897	770,453	1,128,108	-	158,516	4,519,382
Disposal	-	-	-	-	(64,465)	-	-	-	(64,465)
Written off	-	-	-	-	-	(105,556)	-	-	(105,556)
Expiry	-	-	(717,642)	-	-	-	-	-	(717,642)
At 31.12.2020	-	742,544	22,364,928	8,293,670	12,324,653	14,124,097	-	2,720,157	60,570,049
Net Book Value									
At 31.12.2020	45,750,750	6,123,585	88,174,275	771,516	2,920,650	5,931,717	71,476,969	876,702	222,026,164

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Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 27.

The bearer plants mainly comprise of oil palm trees. There is insignificant amounts of immature of bearer plants included in the bearer plants categories.

The net book value of motor vehicles of the Group held under finance leases are RM320,243 (2020: RM278,808) at the reporting date.

Company	Freehold building	
	2021 RM	2020 RM
At cost		
At beginning of the financial year	876,750	876,750
Addition	-	-
Disposal	-	-
At end of the financial year	<u>876,750</u>	<u>876,750</u>
Less : Accumulated depreciation		
At beginning of the financial year	245,490	233,800
Charge for the financial year	11,690	11,690
At end of the financial year	<u>257,180</u>	<u>245,490</u>
Net Book Value	<u><u>619,570</u></u>	<u><u>631,260</u></u>

12. INVESTMENT PROPERTIES

	Group	
	2021 RM	2020 RM
At cost		
At beginning of the financial year	72,845,878	72,829,978
Addition	-	15,900
Written off	(4,380)	-
At end of the financial year	<u>72,841,498</u>	<u>72,845,878</u>
Less : Accumulated depreciation		
At beginning of the financial year	12,908,217	11,178,194
Charge for the financial year	1,729,847	1,730,023
At end of the financial year	<u>14,638,064</u>	<u>12,908,217</u>
Carrying amounts	<u><u>58,203,434</u></u>	<u><u>59,937,661</u></u>

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The investment property with carrying amounts of RM1,698,766 (2020: RM1,698,766) has been pledged to a financial institution for banking facilities granted to the Group.

As at 31 December 2021, the Directors have appraised the fair value of the land and buildings to be RM109,144,000 (2020: RM109,144,000).

The fair value of Group's investment properties are valued based on sale comparison approach and unobservable inputs and classified in Level 2 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 36(c) to the Financial Statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Valuation techniques used to derive Level 2 fair values as follow :-

Level 2 fair values of the Company's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

13. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries

	Company	
	2021 RM	2020 RM
Unquoted shares		
- ordinary shares	196,805,952	196,805,952
- equity capital contribution	156,644,828	152,190,848
- preference shares	72,840,000	72,840,000
	<u>426,290,780</u>	<u>421,836,800</u>
	=====	=====

The subsidiaries, all of which are incorporated in Malaysia, are as follows :-

Name of Company	Principal Activities	Effective Equity Interest	
		2021 %	2020 %
<u>Held by the Company:</u>			
A & M Construction Sdn. Bhd.	Building construction, housing development, property management and investment holding & real estate activities	100	100

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Name of Company	Principal Activities	Effective Equity Interest	
		2021 %	2020 %
A & M Modern Homes Sdn. Bhd.	Property development	100	100
AMJ Properties Sdn. Bhd.	Property development	100	100
Epic Ventures Sdn. Bhd.	Investment holding	67.41	67.41
Makhosetia Sdn. Bhd.	Investment holding	100	100
Pembinaan Kesentosaan Sdn. Bhd.	Housing and hotel development, property management, hotel and resort operator and related services	100	100
Profail Padu Sdn. Bhd.	Investment holding	60.00	60.00
Unik Sejati Sdn. Bhd.	Property development	100	100
Welnexco Sdn. Bhd.	Inactive	69.00	69.00
<u>Held through A & M Construction Sdn. Bhd.:</u>			
A & M Development Sdn. Bhd.	Housing development, property management and investment holding	100	100
Audimco Sdn. Bhd.	Property development and investment holding	100	100
Freshland Sdn. Berhad	Property development and related services	100	100
Idaman Kaibu Sdn. Bhd.	Housing development and property management	94.50	94.50
Lipat Ganda Sdn. Bhd.	Housing development and property management	94.50	94.50
Pillar Industries Sdn. Bhd.	Housing development and property management	94.50	94.50

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Name of Company	Principal Activities	Effective Equity Interest	
		2021 %	2020 %
<u>Held through A & M Resorts Sdn. Bhd.:</u>			
Sri Utas Sdn. Bhd.	Property development, property investment, hotel operator and related services	100	100
<u>Held through AMJ Holdings Sdn. Bhd.:</u>			
A & M Lifestyle Connections Sdn. Bhd.	Investment holding and provision of management services	100	100
A & M Vision Builders Sdn. Bhd.	Property management and investment holding	100	100
EUI Professional Academy (M) Sdn. Bhd.	Cultivation and sale of oil palm fruits	100	100
Orange Mic Entertainment Sdn. Bhd.	Inactive	100	100
Puri Saksama Sdn. Bhd.	Property development	100	100
Vertipro Management Sdn. Bhd.	Managing and operating food and beverage	100	100
<u>Held through AMJ Properties Sdn. Bhd.:</u>			
Lagenda Anggun Sdn. Bhd.	Property management and related services	100	100
<u>Held through Epic Ventures Sdn. Bhd.:</u>			
E.V. Auto Cables Sdn. Bhd.	Inactive	53.93	53.93
E.V. Auto Industries Sdn. Bhd.	Trading and assembling of automotive horns and other related products	38.52	38.52
E.V. Brake Lining Sdn. Bhd.	Inactive	61.66	61.66
E.V. Edaran Sdn. Bhd.	Inactive	61.66	61.66

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Name of Company	Principal Activities	Effective Equity Interest	
		2021 %	2020 %
E.V. Spark Plugs Sdn. Bhd.	Trading of spark plugs	67.41	67.41
Mitsinbo Sdn. Bhd.	Trading and repairing of automotive products	67.41	67.41
* Sebangga Mitsinbo Sdn. Bhd.	Trading of vehicles, automotive products and other related services	67.41	67.41
<u>Held through Idaman Kalbu Sdn. Bhd.:</u>			
Villa Sentosa Management Sdn. Bhd.	Property management, investment holding and real estate activities	94.50	94.50
<u>Held through Makhosetia Sdn. Bhd.:</u>			
AMJ Holdings Sdn. Bhd.	Housing development, property management and investment holding	100	100
<u>Held through Pembinaan Kesentosaan Sdn. Bhd.:</u>			
A & M Auto Industries Sdn. Bhd.	Investment holding	100	100
A & M Resorts Sdn. Bhd.	Investment holding, management of hotel and recreational facilities	100	100
Bunut Enterprise Sdn. Bhd.	Housing development and building construction	100	100
Kesentosaan Property Management Sdn. Bhd.	Property management and related services	100	100
Lanjut Perkasa Sdn. Bhd.	Housing development and property management	100	100
Lockwell Enterprise Sdn. Bhd.	Property development and investment holding	100	100
Penghantaran Bintang Jaya Sdn. Bhd.	Property development	100	100

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Name of Company	Principal Activities	Effective Equity Interest	
		2021 %	2020 %
Saujana Springs Sdn. Bhd.	Property development	70.00	70.00
Tasik Saujana Sdn. Bhd.	Investment holding and hotel operations	100	100
Tenaga Kilat Sdn. Bhd.	Property management, investment holding and real estate activities	100	100
Tengku Mohd. Kamil Dan Ng Sendirian Berhad	Housing development and investment holding	100	100
T.G. Industrial Park Sdn. Bhd.	Property development and investment holding	100	100
Tour Haven Sdn. Bhd.	Investment holding and property management	100	100
<u>Held through Profail Padu Sdn. Bhd.:</u>			
AA Industrial Capital Sdn. Bhd.	Plantation	60.00	60.00
Amverton Carey Golf & Island Resort Sdn. Bhd.	Property development	60.00	60.00
Amverton Cove Golf & Island Resort Sdn. Bhd.	Hotel operator and tourism related activities	60.00	60.00
Amverton Riverine Splash Sdn. Bhd.	Tourism related activities	30.60	-
Carey Island Golf & Country Management Sdn. Bhd.	Dormant	60.00	60.00
Exemplary Resources Sdn. Bhd.	Tourism related activities and agriculture	60.00	60.00
Farming Hub Sdn. Bhd.	Real estate activities and plantation	60.00	60.00
Happy View Development Sdn. Bhd.	Property development	60.00	60.00

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Name of Company	Principal Activities	Effective Equity Interest	
		2021 %	2020 %
Jetpalms Sdn. Bhd.	Real estate activities and property development	60.00	60.00
Jewelacres Sdn. Bhd.	Real estate activities and property development	60.00	60.00
Ladang Seri Permai Sdn. Bhd.	Real estate activities and property development	60.00	60.00
Ladang YS (Selangor) Sdn. Bhd.	Cultivation and sale of oil palm fruits	60.00	60.00
Precious Orchard Sdn. Bhd.	Tourism related activities and agriculture	60.00	60.00
Total Wellbeing Sdn. Bhd.	Real estate activities and property development	60.00	60.00
T.G. Development Park Sdn. Bhd.	Property development	60.00	60.00
<u>Held through Saujana Springs Sdn. Bhd.:</u>			
Tahap Kukuh Sdn. Bhd.	Property development	70.00	70.00
Tetap Sejahtera Sdn. Bhd.	Property development	70.00	70.00
Wasdiri Sdn. Bhd.	Property development	70.00	70.00
<u>Held through Unik Sejati Sdn. Bhd.:</u>			
Gerbang Property Management Sdn. Bhd.	Property management and related services	100	100

* Subsidiary not audited by HLB Ler Lum Chew PLT

Equity capital contribution is deemed as capital contribution to subsidiaries and are considered as part of the Company's investment in the subsidiaries.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly or indirectly by the parent company do not differ from the proportion of ordinary shares held.

The country of incorporation of subsidiary is also their place of principal place of business.

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Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests ("NCI") that are material to the Group.

	2021					
	Profail Padu Group RM	Epic Ventures Group RM	Unik Sejati Sdn. Bhd. RM	Saujana Springs Group RM	Other individually immaterial subsidiaries RM	Total RM
<i>NCI effective equity interest</i>	40.00%	32.59%	-	30.00%		
Carrying amount of NCI	<u>26,451,698</u>	<u>11,147,494</u>	<u>43,700,000*</u>	<u>5,567,802</u>	<u>324,767</u>	<u>87,191,761</u>
Profit/(loss) allocated to NCI	<u>618,849</u>	<u>(20,252)</u>	<u>-</u>	<u>(9,090)</u>	<u>(985)</u>	<u>588,522</u>
Summarised financial information before inter-company elimination						
<u>As at 31 December</u>						
Non-current assets	183,382,861	10,176,273	25,014,995	17,087,060		
Current assets	25,531,782	30,603,321	101,325,083	85,982		
Non-current liabilities	(2,275,000)	(2,600,906)	-	-		
Current liabilities	<u>(8,309,605)</u>	<u>(6,435,897)</u>	<u>(2,753,230)</u>	<u>(4,200)</u>		
Net assets	<u>198,330,038</u>	<u>31,742,791</u>	<u>123,586,848</u>	<u>17,168,842</u>		
<u>Year ended 31 December</u>						
Revenue	15,624,062	32,771,146	31,747,000	-		
Profit/(loss) for the year	1,710,725	(194,198)	7,534,919	(30,299)		
Total comprehensive Income/(loss)	<u>1,710,725</u>	<u>(194,198)</u>	<u>7,534,919</u>	<u>(30,299)</u>		
Cash flows from/(used in) operating activities	34,534,928	656,113	(520,523)	15,558		
Cash flows used in investing activities	(29,240,384)	(71,934)	(1,789,703)	-		
Cash flows (used in)/ from financing activities	<u>(12,087)</u>	<u>(458,611)</u>	<u>8,591</u>	<u>-</u>		
Net changes in cash and cash equivalents	<u>5,282,457</u>	<u>125,568</u>	<u>(2,301,635)</u>	<u>15,558</u>		
Dividend paid to NCI	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		

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	2020					
	Profail Padu Group RM	Epic Ventures Group RM	Unik Sejati Sdn. Bhd. RM	Saujana Springs Group RM	Other individually immaterial subsidiaries RM	Total RM
<i>NCI effective equity interest</i>	40.00%	32.59%	-	30.00%		
Carrying amount of NCI	<u>13,288,849</u>	<u>11,167,746</u>	<u>43,700,000*</u>	<u>5,576,892</u>	<u>325,752</u>	<u>74,059,239</u>
Profit/(loss) allocated to NCI	<u>343,098</u>	<u>233,988</u>	<u>-</u>	<u>(3,891)</u>	<u>(846)</u>	<u>572,349</u>
Summarised financial information before inter-company elimination						
<u>As at 31 December</u>						
Non-current assets	151,996,224	10,970,292	23,339,474	17,087,060		
Current assets	18,396,294	28,885,954	97,395,234	86,302		
Non-current liabilities	(2,230,301)	(3,052,474)	-	-		
Current liabilities	(1,036,904)	(4,866,783)	(45,676,091)	(4,200)		
Net assets	<u>167,125,313</u>	<u>31,936,989</u>	<u>75,058,617</u>	<u>17,169,162</u>		
<u>Year ended 31 December</u>						
Revenue	13,436,670	30,630,733	13,149,800	-		
Profit/(loss) for the year	857,744	489,987	1,886,687	(12,969)		
Total comprehensive income/(loss)	<u>857,744</u>	<u>489,987</u>	<u>1,886,687</u>	<u>(12,969)</u>		
Cash flows from/(used in) operating activities	9,726,453	638,459	2,302,167	(54,335)		
Cash flows used in investing activities	(11,951,163)	(1,427,700)	(188,575)	-		
Cash flows used in financing activities	(11,635)	(29,316)	(2,146)	-		
Net changes in cash and cash equivalents	<u>(2,236,345)</u>	<u>(818,557)</u>	<u>2,111,446</u>	<u>(54,335)</u>		
Dividend paid to NCI	<u>-</u>	<u>206,934</u>	<u>-</u>	<u>-</u>		

*Preference share

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14. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	2021 RM	2020 RM
Unquoted shares, at cost	3,252,850	3,252,850
Share of post-acquisition loss	(891,693)	(215,190)
	2,361,157	3,037,660
	2,361,157	3,037,660

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

Name of Company -----	Principal Activities -----	Effective Equity Interest	
		2021 %	2020 %
^* Bunga Laut Sdn. Bhd.	Property development and property management	20	20
^* Ikatan Gembong Sdn. Bhd.	Investment holding	30	30
<u>Held through Epic Ventures Sdn. Bhd.:</u>			
* Sebangga Auto Sdn. Bhd.	Trading of vehicles, automotive products and other related services	30	30

* Associated companies not audited by HLB Ler Lum Chew PLT

^ Companies with financial year ended 30 June

The associated companies listed above have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

There are no contingent liabilities related to the Group's interest in the associated companies.

As indicated above, the financial year end of certain associated companies are not co-terminous with that of the Group. For the purpose of applying the equity method of accounting, these companies' unaudited financial statements made up to 31 December were used in conjunction with their audited financial statements for the financial year ended 30 June as the case may be.

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The summarised financial information of the associated companies are as follows :-

	Group	
	2021 RM	2020 RM
Non-current assets	2,348,575	3,264,028
Current assets	8,984,745	14,979,238
Non-current liabilities	(1,560,992)	(3,434,642)
Current liabilities	(4,488,727)	(6,269,725)
Net assets	<u>5,283,601</u>	<u>8,538,899</u>
Revenue	11,889,505	25,896,802
Loss for the year	<u>(913,467)</u>	<u>(1,072,198)</u>

Goodwill amounting to RM836,268 (2020: RM836,268) was included in the carrying amount of investment in associated companies.

15. INVENTORIES

	Group	
	2021 RM	2020 RM
<u>Non-current</u>		
Land held for property development (Note a)	<u>139,206,322</u>	<u>132,813,449</u>
<u>Current</u>		
Completed property units	74,927,141	99,387,250
Finished goods	8,850,862	6,579,808
Raw materials	135,472	65,543
Odd lot land	115,860	115,860
Production supplies	168,632	111,317
Property development costs (Note b)	<u>84,197,967</u>	<u>106,259,778</u>
	<u>274,036,222</u>	<u>269,478,406</u>
	<u>358,234,189</u>	<u>375,738,184</u>
Total inventories	<u>497,440,511</u>	<u>508,551,633</u>

The carrying amount of inventories of the Group held under finance lease are RM1,779,149 (2021: RM1,609,850).

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(a) Land held for property development

Group 2021	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
At beginning of the financial year	95,972,357	23,879,466	12,961,626	132,813,449
Additions	-	12,500	6,380,373	6,392,873
At end of the financial year	<u>95,972,357</u>	<u>23,891,966</u>	<u>19,341,999</u>	<u>139,206,322</u>
2020				
At beginning of the financial year	95,972,357	23,879,466	11,011,547	130,863,370
Additions	-	-	1,950,079	1,950,079
At end of the financial year	<u>95,972,357</u>	<u>23,879,466</u>	<u>12,961,626</u>	<u>132,813,449</u>

(b) Property development costs

Group 2021	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Cumulative property development costs :-				
At beginning of the financial year	161,766,696	44,513,431	106,300,694	312,580,821
Cost incurred during the financial year	-	-	4,557,816	4,557,816
At end of the financial year	<u>161,766,696</u>	<u>44,513,431</u>	<u>110,858,510</u>	<u>317,138,637</u>
Cumulative cost recognised in profit or loss :-				
At beginning/end of the financial year				(43,102,415)
Property development costs at end of the financial year				<u>274,036,222</u>

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Group
2020

	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Cumulative property development costs :-				
At beginning of the financial year	168,794,519	44,513,431	120,764,067	334,072,017
Cost incurred during the financial year	-	-	1,011,912	1,011,912
Transfer to inventories	(7,027,823)	-	(15,475,285)	(22,503,108)
At end of the financial year	<u>161,766,696</u>	<u>44,513,431</u>	<u>106,300,694</u>	<u>312,580,821</u>
Cumulative cost recognised in profit or loss :-				
At beginning/end of the financial year				<u>(43,102,415)</u>
Property development costs at end of the financial year				<u>269,478,406</u> =====

16. OTHER INVESTMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Quoted shares in Malaysia				
-At fair value through other comprehensive income	66,257	66,723	64,980	64,980
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Fair value losses and gain include a loss allowance due to impairment of security instruments, at FVOCI of RM466 (2020: RM1,652).

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long term appreciation.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

17. GOODWILL

	2021 RM	Group 2020 RM
Cost		
At beginning of the financial year	21,005,741	21,001,269
Acquisition of subsidiary	-	4,472
At end of the financial year	<u>21,005,741</u>	<u>21,005,741</u>
Accumulated impairment losses		
At beginning/end of the financial year	<u>1,916,056</u>	<u>1,916,056</u>
Carrying amount at end of the financial year	<u>19,089,685</u>	<u>19,089,685</u>

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management judgement.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the following business segments:-

	2021 RM	2020 RM
CGU A		
- AMJ Holdings Sdn. Bhd.	5,166,867	5,166,867
- Lockwell Enterprise Sdn. Bhd.	4,737,256	4,737,256
- A & M Development Sdn. Bhd.	3,935,592	3,935,592
- Tenaga Kilat Sdn. Bhd.	1,827,316	1,827,316
- T.G. Industrial Park Sdn. Bhd.	1,072,171	1,072,171
- Others	1,429,209	1,429,209
CGU B		
- Epic Ventures Sdn. Bhd.		
- Trading of automative product	921,274	921,274
	<u>19,089,685</u>	<u>19,089,685</u>

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(i) Recoverable amount based on fair value less costs to sell

The recoverable amount of CGU A is based on fair value less costs to sell. The fair value less costs to sell is based on observable market price for similar assets or observable market price for assets of different nature, condition or location which is adjusted to reflect the different nature, condition or location of assets. The fair value measurement was categorised as a Level 2 fair value based on the inputs in the valuation technique used (see Note 36(c)).

(ii) Recoverable amount based on value in use

The recoverable amount of CGU B was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management. Cash flows beyond the projection period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate for the automotive products business in which the CGU operates.

Key assumptions used for value-in-use calculations :-

	CGU B	
	2021	2020
	%	%
Gross margin ¹	12.90	16.00
Growth rate ²	5.00	5.00
Pre-tax discount rate ³	7.07	7.40
Terminal growth rate ⁴	3.65	3.65
	=====	=====

1. Budgeted gross margin
2. Weighted average growth rate used to extrapolate cash flows beyond the budget period
3. Pre-tax discount rate applied to the cash flow projections
4. Terminal growth rate indicates the expected growth of cash flows after the forecast period

These assumptions were used for the analysis of CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rate used was consistent with the forecasts included in industry reports. The discount rate used were pre-tax and reflected specific risks relating to the business segment.

(iii) Sensitivity to change in key assumptions

The sensitivity tests indicated that with an increase in the discount rate by 1% (2020: 1%) or an increase in the terminal growth rate by 1% (2020: 1%) or an decrease in the gross margin by 1% (2020: 1%) or an decrease in the growth rate by 0.5% (2020: 0.5%), there will be no impairment loss required while other realistic variations remained the same.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

18. FIXED DEPOSITS WITH LICENSED BANKS

	Group	
	2021 RM	2020 RM
Non-current	6,985,501	6,935,832
Current	18,633,184	19,455,787
	<u>25,618,685</u>	<u>26,391,619</u>
	=====	=====

Fixed deposits of the Group amounting to RM6,985,501 (2020: RM6,935,832) have been pledged to financial institutions for bank facilities granted to the Group.

The fixed deposits of the Group at the reporting date are subject to floating interest rates ranging from 1.30% to 3.60% (2020: 1.35% to 4%) per annum.

Fixed deposits of the Group have maturities ranging from 4 to 365 days (2020: 10 to 366 days).

19. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2021 RM	2020 RM
Deferred tax assets	(672,959)	(672,959)
Deferred tax liabilities	61,379,725	63,047,503
	<u>60,706,766</u>	<u>62,374,544</u>
	=====	=====

The movement in the deferred tax account is as follows :-

At beginning of the financial year	62,374,544	63,298,508
Recognised in profit or loss (Note 9)	(1,667,778)	(923,964)
	<u>60,706,766</u>	<u>62,374,544</u>
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

2021

	At 01.01.2021 RM	Recognised in profit or loss RM	At 31.12.2021 RM
Deferred tax assets			
- property development	(663,959)	-	(663,959)
- other payables	(30,000)	-	(30,000)
- property, plant & equipment	(43,000)	(500,000)	(543,000)
- unabsorbed capital allowance	(1,465,000)	(40,000)	(1,505,000)
	(2,201,959)	(540,000)	(2,741,959)
Deferred tax liabilities			
- investment properties	3,781,573	(66,824)	3,714,749
- property development	46,921,586	-	46,921,586
- property, plant & equipment	9,524,009	184,500	9,708,509
- inventories	4,349,335	(1,245,454)	3,103,881
	64,576,503	(1,127,778)	63,448,725
Net (after offsetting)	62,374,544	(1,667,778)	60,706,766

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

2020

	At 01.01.2020 RM	Recognised in profit or loss RM	At 31.12.2020 RM
Deferred tax assets			
- property development	(663,959)	-	(663,959)
- other payables	(30,000)	-	(30,000)
- property, plant & equipment	(169,400)	126,400	(43,000)
- unabsorbed capital allowance	(888,000)	(577,000)	(1,465,000)
	<u>(1,751,359)</u>	<u>(450,600)</u>	<u>(2,201,959)</u>
Deferred tax liabilities			
- investment properties	3,848,397	(66,824)	3,781,573
- property development	46,921,586	-	46,921,586
- property, plant & equipment	9,422,009	102,000	9,524,009
- inventories	4,857,875	(508,540)	4,349,335
	<u>65,049,867</u>	<u>(473,364)</u>	<u>64,576,503</u>
Net (after offsetting)	<u>63,298,508</u>	<u>(923,964)</u>	<u>62,374,544</u>

Deferred tax assets have not been recognised in respect of the following items :-

	Group	
	2021 RM	2020 RM
Unutilised tax losses	5,906,122	8,798,413
Unabsorbed capital allowances	2,221,931	1,631,931
	<u>8,128,053</u>	<u>10,430,344</u>
Potential tax benefits calculated at 24% tax rate	<u>1,950,733</u>	<u>2,503,283</u>

The unutilised tax losses and unabsorbed capital allowances are subject to agreement with the Inland Revenue Board.

Deferred tax assets have not been recognised as it is not probable that taxable profits will be available.

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20. BIOLOGICAL ASSETS

Biological assets comprise oil palm fresh fruit bunches (FFB) growing on palm trees.

	Group	
	2021 RM	2020 RM
At beginning of the financial year	168,282	102,191
Transfer to produced stocks	(168,282)	(102,191)
Fair value changes	212,306	168,282
	<u>212,306</u>	<u>168,282</u>
At end of the financial year	<u>212,306</u>	<u>168,282</u>

The biological assets' maturity periods is within 1 year.

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

The biological assets of the Group comprise FFB prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB. To arrive at the fair value, the management has considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 2 weeks to harvest is negligible, therefore quantity of unripe FFB on bearer plant of up to 2 weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately of the ripe FFB, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Costs to sell include harvesting cost, transport and windfall profit levy.

During the financial year, the Group harvested approximately 7,705 tonnes (2020 : 7,754 tonnes) of FFB.

If the FFB selling price changes by 10%, profit or loss for the Group would have equally increased or decreased by approximately RM21,000 (2020 : RM17,000).

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

21. TRADE & OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables	46,476,281	27,234,233	-	-
Other receivables	11,331,909	11,064,715	-	-
Deposits	6,865,273	5,623,338	473,899	314,886
Prepayments	172,289	222,285	-	-
	<u>64,845,752</u>	<u>44,144,571</u>	<u>473,899</u>	<u>314,886</u>
Less : Impairment				
- Trade receivables	(978,151)	(830,278)	-	-
- Other receivables	(422,960)	(562,176)	-	-
- Deposits	(5,165)	(5,156)	-	-
	<u>63,439,476</u>	<u>42,746,961</u>	<u>473,899</u>	<u>314,886</u>

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2020: 30 to 150 days) terms. They are recognised at their original invoiced amounts which represent their values on initial recognition.

Included in trade receivables of the Group is the retention of progress billings for contract works amounting to RM236,750 (2020: RM236,750).

Other receivables are non-interest bearing and repayable on demand.

Includes in other receivables of the Group is the balance of proceed for disposal of land for government acquisition amounting to RM8,755,797 (2020: RM8,755,797).

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, which cover a broad spectrum of end markets. The Group's historical experience in collection of debts falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

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Expected credit losses ("ECL")

The movement in allowance for ECL of receivables and contract assets computes based on lifetime ECL are as follows:-

	Receivables	Contract assets	Group Receivables	Contract assets
	2021 RM	2021 RM	2020 RM	2020 RM
Movement in allowance accounts:-				
At 1 January	1,397,610	113,168	1,455,512	112,886
Charge for the financial year-net	8,666	476	(57,902)	282
At 31 December	<u>1,406,276</u>	<u>113,644</u>	<u>1,397,610</u>	<u>113,168</u>

22. CONTRACT ASSETS/(LIABILITIES)

	2021	Group 2020
	RM	RM
Contract assets from		
- property development	232,310	232,310
- construction contract	4,588,321	4,564,538
	<u>4,820,631</u>	<u>4,796,848</u>
Less : Impairment losses		
- construction contract	(113,644)	(113,168)
Total contract assets	<u>4,706,987</u>	<u>4,683,680</u>
Contract liabilities from		
- property development	32,891,899	32,891,899
- construction contract	1,709,903	1,709,903
Total contract liabilities	<u>34,601,802</u>	<u>34,601,802</u>
Net	<u>(29,894,815)</u>	<u>(29,918,122)</u>

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The Group issue progress billings to purchasers when the billing milestones are attained. The Group recognise revenue when the performance obligation is satisfied.

The aggregate of the costs incurred and the attributable profit or loss recognised on property development is compared against the progress billings up to the end of the financial year. Where the revenue recognised in profit or loss exceeds billings to purchasers, the balance is presented as contract assets. Where billings to purchasers exceed revenue recognised in profit or loss, the balance is presented as contract liabilities.

The Group's contract assets and contract liabilities relating to the sale of properties and construction contract as of each reporting period can be summarised as follows:

	Group	
	2021 RM	2020 RM
At 1 January	(29,918,122)	(29,931,936)
Cost incurred for project yet to recognise as revenue	23,783	14,096
Impairment losses	(476)	(282)
At 31 December	<u>(29,894,815)</u>	<u>(29,918,122)</u>

23. AMOUNT DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Amount due from related parties				
Amount due from related parties	-	23,500	-	-
(b) Amount due to related parties				
Amount due to related parties	7,026	-	-	-
Amount due to subsidiaries	-	-	300,000	757,310
	<u>7,026</u>	<u>-</u>	<u>300,000</u>	<u>757,310</u>

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(c) Amount due to subsidiaries

The amount due to subsidiaries pertain mainly to advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand.

(d) Amount due from/(to) related parties

The amount due to related parties pertain mainly to advances, receipts and payments on behalf. The outstanding amounts are unsecured, interest free and repayable on demand.

(e) Holding company

The Company is a 81.56% (2020: 81.53%) owned subsidiary of Delta Industries Sdn. Bhd; a company incorporated in Malaysia.

24. CASH & BANK BALANCES

Included in the cash & bank balances of the Group are amounting to RM5,373,700 (2020: RM7,693,936) which are held pursuant to Section 7A of the Housing Development (Control & Licensing) Amendment Act 2002 and therefore restricted from use in other operations.

25. SHARE CAPITAL

	Group/Company	
	2021 RM	2020 RM
Issued and fully paid :-		
At beginning/end of the financial year		
- 365,063,800 ordinary shares with no par value	217,605,412 =====	217,605,412 =====

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

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

26. BORROWINGS – TERM LOAN

	2021 RM	Group 2020 RM
Repayable not later than 1 year	194,533	130,711
Repayable later than 1 year and not later than 5 years	683,783	807,833
Repayable later than 5 years	-	61,456
	<u>878,316</u>	<u>1,000,000</u>
Represented by		
Non-current	683,783	869,289
Current	194,533	130,711
	<u>878,316</u>	<u>1,000,000</u>

The effective interest rate of the term loan at the reporting date was 3.5% (2020: 3.5%) per annum.

The term loan are secure by way of: -

- (a) joint & several guarantee by Directors and key management personnel;
- (b) corporate guarantee by a subsidiary.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

27. LEASE LIABILITIES

	2021 RM	Group 2020 RM
<u>Non-current</u>		
Finance lease liabilities	1,797,768	1,749,010
Lease liabilities	192,576	583,079
	<u>1,990,344</u>	<u>2,332,089</u>
 <u>Current</u>		
Finance lease liabilities	263,518	324,904
Lease liabilities	419,928	385,686
	<u>683,446</u>	<u>710,590</u>
	<u>2,673,790</u>	<u>3,042,679</u>
 Minimum lease payments :-		
Payable not later than 1 year	787,669	850,846
Payable later than 1 year and not later than 5 years	1,564,304	1,825,720
Payable later than 5 years	721,165	782,141
	<u>3,073,138</u>	<u>3,458,707</u>
Less : Future finance charges	(399,348)	(416,028)
Present value of lease liabilities	<u>2,673,790</u>	<u>3,042,679</u>
 Present value of lease liabilities :-		
Payable not later than 1 year	683,446	710,590
Payable later than 1 year and not later than 5 years	1,328,029	1,597,296
Payable later than 5 years	662,315	734,793
	<u>2,673,790</u>	<u>3,042,679</u>

The Group's finance lease bears interest rates ranging from 2.19% to 2.74% (2020: 2.19% to 2.74%) per annum.

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The Group as lessee

The Group has lease contracts for various items of building and motor vehicles used in its operations. Leases of motor vehicles generally have lease terms between 5 and 7 years, while building generally have lease terms between 3 and 6 years.

(a) Carrying amounts

Right of use assets classified within property, plant and equipment.

	2021 RM	Group 2020 RM
Motor vehicles	320,243	278,808
Building	388,174	887,105
	----- 708,417	----- 1,165,913
	=====	=====

(b) Depreciation charge during the year

Motor vehicles	58,513	113,856
Building	375,844	384,666
	----- 434,357	----- 498,522
	=====	=====

(c) Interest expense

Interest expense – finance lease (Note 6)	104,956	44,024
Interest expense – lease liabilities (Note 6)	63,738	31,305
	----- 168,694	----- 75,329
	=====	=====

(d) Total cash outflow for all the leases in 2021 was RM 852,830 (2020: RM 570,211).

(e) Addition of ROU assets during the financial year 2021 was RM Nil (2020: RM 1,336,506).

The Group as lessor

The Group has leased out their owned investment properties to third parties for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. Refer to Note 38 for further information.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

28. TRADE & OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	7,817,741	8,405,997	-	-
Other payables	11,366,184	5,576,819	900	900
Refund liabilities	-	95,000	-	-
Accruals	4,944,501	1,066,099	25,435	23,818
	<u>24,128,426</u>	<u>15,143,915</u>	<u>26,335</u>	<u>24,718</u>

The currency exposure
profile of trade payables
is as follows :-

Ringgit Malaysia	7,354,119	8,094,030	-	-
US Dollar	463,622	311,967	-	-
	<u>7,817,741</u>	<u>8,405,997</u>	<u>-</u>	<u>-</u>

Trade payables and other payables are non-interest bearing and normally settled on 30 to 90 days (2020: 30 to 90 days) terms and 30 to 90 days (2020: 30 to 90 days) terms respectively.

Included in the Group's accruals are post-employment defined contribution plan of RM1,682 (2020: RM16,115) in respect of Employees Provided Fund.

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29. SEGMENT INFORMATION

The Group is organised into the following main business segments :-

- (i) Property development & investment, construction and other related services rendered.

Construction and development of residential, commercial and industrial properties. Property investment included provision of rental income and other services.

Other related services rendered include the provision of services related to the construction, property development & investment and administrative services.

- (ii) Trading

Trading of automotive parts and related products.

- (iii) Hotel and leisure related services

Provision of hospitality services, food and beverages.

- (iv) Plantation

Plantation of oil palm and tropical fruits.

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions, allocate resources and assess performance.

The CODM receives separate reports for property development & investment, construction and other related services rendered businesses, they have been aggregated into one reportable segments as they have similar economic characteristics.

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Although the plantation segment does not meet the quantitative thresholds required by MFRS 8 for reportable segments, management has concluded that this segment should be reported, as it is closely monitored by CODM as a potential growth segment.

The geographical segment information is not presented as the Group's activities are carried out predominantly in Malaysia.

The segment information provided to the CODM for the reportable segments is as follows:

	Property development & investment, construction and other related services rendered		Trading		Hotel & leisure related services		Plantation		Group	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
REVENUE										
Total revenue	48,830,572	27,101,439	32,771,146	30,630,733	12,787,638	13,236,242	7,316,084	4,203,221	101,705,440	75,171,635
Inter-segment revenue	-	(375,366)	-	-	-	-	(10,572)	(11,134)	(10,572)	(386,500)
External revenue	48,830,572	26,726,073	32,771,146	30,630,733	12,787,638	13,236,242	7,305,512	4,192,087	101,694,868	74,785,135
RESULTS										
Interest income	313,624	463,808	337,557	451,581	85,836	464,837	9,368	7,207	746,385	1,387,433
Finance costs	(10,558)	(6,855)	(203,289)	(67,662)	(780)	(1,815)	-	-	(214,627)	(76,332)
Share of profit/(loss) of associated companies	6,425	6,398	(282,928)	(331,489)	-	-	-	-	(276,503)	(325,091)
Profit/(loss) before tax	10,294,729	3,832,493	(378)	851,941	(39,636)	505,875	2,434,746	(203)	12,689,461	5,190,106

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Property development & investment, construction and other related services rendered		Trading		Hotel & leisure related services		Plantation		Group	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS AND LIABILITIES										
Investment in associated companies	1,301,397	1,694,972	1,059,760	1,342,688	-	-	-	-	2,361,157	3,037,660
Other segment assets	668,849,621	668,752,013	40,638,262	39,431,986	195,153,619	166,591,657	35,240,643	35,256,376	939,882,145	910,032,032
Borrowings	190,603	268,661	3,351,202	3,738,362	10,301	35,656	-	-	3,552,106	4,042,679
Other segment liabilities	108,367,996	105,980,497	5,686,905	4,182,199	7,749,090	3,248,702	294,306	183,941	122,098,297	113,595,339
OTHER SEGMENT INFORMATION										
Addition to non-current assets	7,223,691	2,227,364	71,934	2,764,207	27,537,728	29,478,780	1,105,348	867,401	35,938,701	35,337,752
Depreciation & amortisation	2,205,854	2,240,257	654,475	639,301	3,101,586	2,966,095	473,403	403,752	6,435,318	6,249,405
Other non-cash expenses	29,967	(30,816)	(20,618)	54,959	(51)	(2,219)	-	-	9,298	21,924

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(a) Addition to non-current assets consists of :-

	2021 RM	2020 RM
Property, plant & equipment	29,545,828	33,371,773
Investment properties	-	15,900
Land held for property development	6,392,873	1,950,079
	<u>35,938,701</u>	<u>35,337,752</u>

(b) Major customers

There are no major customers with revenue equal or more than 10 per cent of the Group's total revenue.

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

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 the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are 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 include all the Directors of the Group, and certain members of senior management of the Group.

(a) Related party transactions

The following significant transactions which have been transacted with related parties are as follows :-

	2021 RM	Group 2020 RM
Purchase of property, plant and equipment - an entity related to associated company	-	1,609,850
Purchase of motor vehicle - an entity related to associated company	234,259	-
Sale of motor vehicle - an entity related to associated company - a director in subsidiary	234,259 -	524,608 277,782

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	2021 RM	Group	2020 RM
Acquisition of subsidiary - an associated company	-		2
	=====		=====

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

(b) Key management personnel compensation

The remuneration of key management personnel compensation during the financial year was as follows :-

	2021 RM	Group	2020 RM
Salaries and other short-term employee benefits	1,458,900		1,602,280
Post-employment benefits - defined contribution plan	83,260		104,118
	-----		-----
	1,542,160		1,706,398
	=====		=====

The above is in respect of the total compensation to Directors of the Group.

(c) The significant related party balance as at financial year end except as disclosed in other notes to the financial statements are as follow :-

	2021 RM	Group	2020 RM
Joint venture deposits received:- - Amverton Prop Sdn. Bhd.	4,000,000		-
	=====		=====

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

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31. CONTINGENT LIABILITIES - unsecured

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

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

32. CAPITAL COMMITMENT

	2021 RM	2020 RM
Contracted but not provided for	7,000,000	25,000,000

The above commitments mainly comprise of acquisition of property, plant & equipment.

33. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :-

(i) **Property development revenue and cost of sales recognition**

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

The Group recognised property development revenue and cost of sales in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date compared to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of architects and quantitative.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(ii) Estimated impairment of goodwill

The Group determines annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on either fair value less costs to sell or value-in-use calculations. These calculations require the use of estimates as set in Note 17(i) and (ii).

Changing the assumptions selected by management, in particular the market price of properties, gross margin, discount rate and growth rate assumptions used in the cash flow projections or impairment test of goodwill, could significantly affect the Group's results. The Group's review includes the key assumptions related to sensitivity in the cash flow projections. Detail of sensitivity to change in key assumptions are disclosed in Note 17(iii).

(iii) Provision for expected credit losses of trade & other receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade & other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade & other receivables and contract assets is disclosed in Note 21.

The carrying amount of trade & other receivables and contract assets as at 31 December 2021 and 31 December 2020 are RM63,267,187 and RM4,706,987 (2020: RM42,524,676 and RM4,683,680) respectively.

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations are subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, market risk, liquidity and cash flow risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The Board regularly reviews these risks and approves treasury policies, which covers the management of these risks. It is not the Group's policy to engage in speculative transactions.

(a) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group, primarily RM. The foreign currencies in which these transactions are denominated are mainly in US Dollar.

The currency exposure of trade payables at the reporting date is disclosed in the Note 28 to the Financial Statements.

The Company does not enter into any financial instrument to hedge the movement in the foreign currency exchange rates unless the risk is deemed to be significant.

As the influence of foreign currency changes on the profit or loss is immaterial, no sensitivity analysis has been conducted.

(b) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its cash and cash equivalents and interest-bearing loans and borrowings.

The Group's and the Company's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rate had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM22,000 (2020: RM22,000) higher/lower, arising mainly as a result of higher/lower interest income from fixed deposits.

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(c) Credit risk

Credit risk is the risk of loss that arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trade only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the assets as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information.

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

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 210 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(i) Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on segment. The loss allowance provision as at 31 December 2021 and 31 December 2020 is determined as follows, the expected credit losses below also incorporate forward looking information.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix, grouped by segments :

Property development & investment, construction and other related services rendered segment :-

	Contract assets RM	Current RM	1-60 days past due RM	61-90 days past due RM	More than 90 days past due RM	Total RM
31 December 2021						
Gross carrying amount	4,820,631	34,996,579	271,862	102,697	3,144,900	43,336,669
Loss allowance provision	113,644	7,033	6,348	6,253	190,256	323,534
31 December 2020						
Gross carrying amount	4,796,848	16,874,307	54,451	46,766	1,540,023	23,312,395
Loss allowance provision	113,168	604	72	90	39,399	153,333

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Trading segment :-

31 December 2021	Contract assets RM	Current RM	1-60 days past due RM	61-90 days past due RM	More than 90 days past due RM	Total RM
Gross carrying amount	-	6,639,901	31,011	1,626	668,417	7,340,955
Loss allowance provision	-	14,512	639	669	601,081	616,901
31 December 2020						
Gross carrying amount	-	7,272,984	180,898	3,419	649,334	8,106,635
Loss allowance provision	-	14,717	5,698	853	617,432	638,700

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 21.

(ii) Other financial assets

Cash and cash equivalents, trade receivables relating to hotel & plantation segment are subject to immaterial credit loss.

(d) Market risk

Market price risks mainly result from raw materials. No financial instruments are used for the hedging of the acquisition of raw materials.

(e) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintains 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.

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The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2021				
Financial liabilities:				
Payables	24,128,426	-	-	24,128,426
Borrowings	222,156	722,007	-	944,163
Lease liabilities	787,669	1,564,304	721,165	3,073,138
Total	25,138,251	2,286,311	721,165	28,145,727

2020

Financial liabilities:				
Payables	15,143,915	-	-	15,143,915
Borrowings	166,617	888,624	55,539	1,110,780
Lease liabilities	850,846	1,825,720	782,141	3,458,707
Total	16,161,378	2,714,344	837,680	19,713,402

Company

	On demand or within one year RM	One to five years RM	Over five Years RM	Total RM
2021				
Financial liabilities:				
Payables	26,335	-	-	26,335
Related parties	300,000	-	-	300,000
Total	326,335	-	-	326,335

2020

Financial liabilities:				
Payables	24,718	-	-	24,718
Related parties	757,310	-	-	757,310
Total	782,028	-	-	782,028

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35. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group and the Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's and the Company's capital management is dependent on capital requirements of the business or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Company's structure.

The Group and the Company monitor and manage capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company included within net debt, total financial liabilities less cash and cash equivalents. Capital includes equity attributable to the owners. The Group and the Company target to maintain a low gearing ratio.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade & other payables	24,128,426	15,143,915	26,335	24,718
Amount due to related parties	7,026	-	300,000	757,310
Borrowings	878,316	1,000,000	-	-
Lease liabilities	2,673,790	3,042,679	-	-
Less: Cash & cash equivalents	(48,299,653)	(50,646,484)	(3,096,389)	(653,724)
Net debt	(20,612,095)	(31,459,890)	(2,770,054)	128,304
Equity attributable to owners	729,401,138	721,372,435	430,488,182	422,989,068
Capital and net debt	708,789,043	689,912,545	427,718,128	423,117,372
Gearing ratio	(2.91%)	(4.56%)	(0.65%)	0.03%

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

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<u>Group</u>		Fair value through other comprehensive income	Fair value through other comprehensive income
	Note	2021 RM	2020 RM
Financial Assets			
Non-current Investments	16	66,257	66,723
		Amortised cost	Amortised cost
	Note	2021 RM	2020 RM
Financial Assets			
Non-current			
Fixed deposits	18	6,985,501	6,935,832
Current			
Trade & other receivables	21	63,267,187	42,524,676
Amount due from related parties	23	-	23,500
Fixed deposits	18	18,633,184	19,455,787
Cash & bank balances	24	22,680,968	24,254,865
Total		111,566,840	93,194,660
		Other financial liabilities at amortised cost	
	Note	2021 RM	2020 RM
Financial Liabilities			
Non-current			
Borrowings	26	683,783	869,289
Lease liabilities	27	1,990,344	2,332,089
Current			
Borrowings	26	194,533	130,711
Lease liabilities	27	683,446	710,590
Trade & other payables	28	24,128,426	15,143,915
Amount due to related parties	23	7,026	-
Total		27,687,558	19,186,594

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Company

	Note	Fair value through other comprehensive income 2021 RM	Fair value through other comprehensive income 2020 RM
Financial Assets			
Non-current Investments	16	64,980	64,980

	Note	Amortised cost 2021 RM	Amortised cost 2020 RM
Financial Assets			
Current			
Trade & other receivables	21	473,899	314,886
Cash & bank balances	24	3,096,389	653,724
Total		3,570,288	968,610

	Note	Other financial liabilities at amortised cost 2021 RM	2020 RM
Financial Liabilities			
Current			
Trade & other payables	28	26,335	24,718
Amount due to related parties	23	300,000	757,310
Total		326,335	782,028

(b) Fair value of financial instruments

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

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Investments in equity securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period (Level 1).

(c) Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements of financial position as at 31 December 2021 are as follows:

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

37. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

(a) Covid-19 impact

The outbreak of COVID-19 pandemic has impacted economic activities worldwide. Many countries have imposed restrictions on non-essential services and business operations, and have also implemented travel restrictions, border closures and other quarantine measures that have significantly curbed the normal movement of goods, services and people. For the financial year ended 31 December 2021, the impact of COVID-19 have been reflected in this set of financial statements.

As the situation is still evolving and will be affected by the degree to which governments are able to contain the spread of the virus in countries where the Company operates, the full impact of the COVID-19 pandemic on the Company's performance could not be reasonably ascertained when this set of financial statements was authorised for issuance.

(b) Joint venture projects

The subsidiaries have entered into four separate joint venture agreements ("JVAs") with the Developer, Amverton Prop Sdn. Bhd., to undertake the property development projects subject to the terms and conditions set forth in the respective JVAs and supplemental agreement.

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38. OPERATING LEASE ARRANGEMENTS/LEASES – THE GROUP AS A LESSOR

The Company had leased out its investment properties and inventories to third parties for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follow: -

	2021 RM	2020 RM
Less than 1 year	11,846,941	7,383,324
1 to 2 years	8,327,202	3,661,622
2 to 3 years	2,903,714	1,664,290
	<u>23,077,857</u>	<u>12,709,236</u>

39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors

31 MAY 2022

LODGER INFORMATION

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