OSK PROPERTY HOLDINGS BERHAD
199001010094 (201666-D)

(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2023

199001010094 (201666-D)

OSK PROPERTY HOLDINGS BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Ong Ju Yan
Ong Ju Xing

COMPANY SECRETARIES

Ong Seow Wuen (MAICSA 7058842) (SSM PC No.: 201908002326)
Lee Su Jane (MAICSA 7054020) (SSM PC No.: 202008001010)

AUDITORS

BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206)
Level 8, BDO @ Menara CenTARa,
360 Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur.

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

SOLICITORS

Cheang & Ariff
Lee Hishammuddin Allen & Gledhill
Raslan Loong, Shen & Eow
Rosli Dahlan Saravana Partnership

REGISTERED OFFICE

21st Floor, Plaza OSK,
Jalan Ampang,
50450 Kuala Lumpur.
Tel No.: (603) 2177 1999
Fax No.: (603) 2026 6331

PRINCIPAL BUSINESS ADDRESS

7th Floor, Plaza OSK,
Jalan Ampang,
50450 Kuala Lumpur.
Tel No.: (603) 2177 1999
Fax No.: (603) 2166 6220

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(Incorporated in Malaysia)

CORPORATE INFORMATION (CONT'D)

PRINCIPAL BUSINESS ADDRESSES BY SEGMENT

Property Development

OSK Property Holdings Berhad
Level 7, Plaza OSK,
Jalan Ampang,
50450 Kuala Lumpur.
Tel No.: (603) 2177 1688
Fax No.: (603) 2177 1687
www.oskproperty.com.my

Sales Galleries

Iringan Bayu Show Village Seremban
Persiaran Iringan Bayu 3,
Taman Iringan Bayu,
70300 Seremban,
Negeri Sembilan.
Tel No.: (606) 630 4656
www.iringanbayu.com.my

Yarra Park Sales Gallery Sungai Petani
No. 1A, Jalan Puteri Heights 1/1,
Bandar Puteri Jaya,
08000 Sungai Petani,
Kedah.
Tel No.: (604) 425 1818
Fax No.: (604) 425 8030
www.yarrapark.com.my

LEA by The Hills Sales Gallery Taman Melawati
G-4, G-5, G-6, Nadayu 63,
Persiaran Nadayu 1,
Taman Nadayu Melawati,
53100 Hulu Kelang,
Selangor.
Tel No.: (6012) 721 3497
www.leabythehills.com.my

Shorea Park Sales Gallery Puchong
Lot 13992, Jalan Meranti Permai,
Taman Meranti Permai,
47100 Puchong,
Selangor.
Tel No.: (6018) 311 8880
www.shoreapark.com.my

Property Investment and Management

Atria Shopping Gallery
Jalan SS 22/23,
Damansara Jaya,
47400 Petaling Jaya, Selangor.
Tel No.: (603) 7733 5156
Fax No.: (603) 7733 5157
www.atria.com.my
www.facebook.com/atriadj
www.instagram.com/atriadj

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OSK PROPERTY HOLDINGS BERHAD
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DIRECTORS' REPORT

The Directors have the pleasure of presenting their report together with the audited financial statements of OSK Property Holdings Berhad Group ("the Group"), which includes OSK Property Holdings Berhad ("the Company") and its subsidiaries, and the Company for the year ended 31 December 2023 pursuant to Section 252 of the Companies Act 2016 ("CA2016").

(A) PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are mainly in property development and property investment businesses and the details of the activities of each subsidiary are described in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the year.

(B) FINANCIAL MATTERS

Profit after tax for the year

	Group RM'000	Company RM'000
Profit after tax attributable to:		
Owners of the Company	86,024	51,190
Non-controlling interests	1,094	-
	87,118	51,190

Dividend

No dividend has been proposed, paid or declared by the Company since the end of the previous year. The Directors do not recommend any payment of dividend for the year ended 31 December 2023.

Reserves and provisions

All material transfers to or from reserves or provisions during the year have been disclosed in the financial statements.

Significant events

Significant events consist of the changes in the composition of the Group during the year as disclosed in Note 8(b) to the financial statements.

DIRECTORS' REPORT (CONT'D)

(B) FINANCIAL MATTERS (CONT'D)

Significant subsequent events

There were no material subsequent events from the end of the year till the date of this report.

Issue of shares and debentures

There were no issuance of shares and debentures during the year.

The details of existing shares are disclosed in Note 23 to the financial statements.

Options to take up unissued shares of the Company

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

Treasury shares

The Company did not purchase any ordinary shares from the open market during the year.

The details of the treasury shares are disclosed in Note 24 to the financial statements.

Bad and doubtful debts

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts in respect of trade receivables, other assets, amounts due from subsidiaries and amounts due from related companies, as disclosed in Notes 13, 14, 16 and 17 to the financial statements respectively.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

(B) FINANCIAL MATTERS (CONT'D)

Current assets other than debts

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ensure that any current assets other than debts, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company, had been written down to an amount which the current assets might be expected so to realise in respect of inventories and contract assets as disclosed in Notes 11 and 15 to the financial statements respectively.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Method of valuation of assets or liabilities

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. Assets that are measured at fair values included short-term funds are disclosed in Note 18 to the financial statements.

Contingent and other liabilities

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 year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the year, other than those arising in the normal course of business of the Group and of the Company.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT (CONT'D)

(B) FINANCIAL MATTERS (CONT'D)

Change of circumstances

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

Items of unusual nature

In the opinion of the Directors:

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

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

(C) DIRECTORS MATTERS

Directors of the Company

The Directors of the Company who have held office during the year are:

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Ong Ju Yan
Ong Ju Xing*

* Who is also the Director of the subsidiary(ies)

During the period commencing from the end of the year till the date of this report, there were no changes in the Directors of the Company.

(C) DIRECTORS MATTERS (CONT'D)

Directors of the subsidiaries

In addition to the Director of the Company who is also a Director of the subsidiaries as disclosed above, the Directors of the subsidiaries who have held office during the year are:

Dato' Saiful Bahri bin Zainuddin
Ong Ghee Bin
Mohamed Nazari bin Noordin
Ng Lai Ping

During the period commencing from the end of the year till the date of this report, there were no changes in the Directors of the subsidiaries.

Directors' interests

Neither at the end of the year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, being arrangements with the objects of enabling the 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.

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the CA2016, the Directors in office at the end of the year who have interests in the shares of the Company and of its related corporations during the year are as follows:

(a) The Company

	Number of ordinary shares			
	As at 1.1.2023	**Acquired**	**Disposed**	**As at 31.12.2023**
Indirect interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	345,639,965 (1)	-	-	345,639,965 (1)

(C) DIRECTORS MATTERS (CONT'D)

Directors' interests (Cont'd)

(b) Related corporations

(i) Ultimate holding company, Yellow Rock (L) Foundation

Tan Sri Ong Leong Huat @ Wong Joo Hwa is deemed to have an interest in Yellow Rock (L) Foundation by virtue of his controlling interest in Yellow Rock (L) Foundation.

(ii) Immediate holding company, OSK Holdings Berhad

	Number of ordinary shares			
	As at 1.1.2023	**Acquired**	**Disposed**	**As at 31.12.2023**
Direct interests:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	54,175,861	-	-	54,175,861
Ong Ju Yan	24,737,550	-	-	24,737,550
Ong Ju Xing	22,084,395	-	-	22,084,395
Indirect interests:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	1,102,308,021 (2)	380,000	-	1,102,688,021 (2)
Ong Ju Yan	2,667,701 (3)	-	-	2,667,701 (3)
Ong Ju Xing	926,600 (3)	-	-	926,600 (3)

(iii) Related company, PJ Development Holdings Berhad

	Number of ordinary shares			
	As at 1.1.2023	**Acquired**	**Disposed**	**As at 31.12.2023**
Indirect interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	510,573,593 (1)	9,500	-	510,583,093 (1)

(C) DIRECTORS MATTERS (CONT'D)

Directors' interests (Cont'd)

Notes:

(1) Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in the immediate holding company, OSK Holdings Berhad.

(2) Deemed interested pursuant to Section 8 of CA2016 by virtue of his controlling interest in Yellow Rock (L) Foundation and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse and children, other than Ong Ju Yan and Ong Ju Xing whose interests have been disclosed herein.

(3) Disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interest held by his spouse.

Tan Sri Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the Company, is also deemed to have an interest in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, the other Directors in office at the end of the year did not hold any shares of the Company or of its related corporations.

Remuneration and benefits of Directors of the Company

Since the end of the previous year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except information as disclosed in Notes 34(b) and 34(c) to the financial statements.

(C) DIRECTORS MATTERS (CONT'D)

Indemnity and insurance for Directors, officers and auditors

The immediate holding company, OSK Holdings Berhad, provides insurance cover for the Directors and officers of OSK Holdings Berhad and its subsidiaries including the Company. The cost of such insurance thereon is disclosed in the Directors' Report of OSK Holdings Berhad. There was no indemnity given to or insurance cover for the auditors of the Group and of the Company during the year.

(D) AUDITORS AND AUDITORS' REMUNERATION

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration for the year were as follows:

	Group RM'000	**Company RM'000**
Statutory audit	145	22
Other services	30	2
	175	24

Further details of auditors' remuneration are disclosed in Note 28 to the financial statements.

(E) STRUCTURE OF THE GROUP

(a) Immediate and ultimate holding companies

Yellow Rock (L) Foundation, a Labuan foundation registered under the Labuan Foundations Act 2010, is regarded by the Directors as the Company's ultimate holding company.

OSK Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, represents the Company's immediate holding company.

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DIRECTORS' REPORT (CONT'D)

(E) STRUCTURE OF THE GROUP (CONT'D)

(b) Subsidiaries

The details of subsidiaries are disclosed in Note 8 to the financial statements.

For the year ended 31 December 2023, the auditors' report on the financial statements of all the subsidiaries were unqualified.

None of the subsidiaries hold any shares in the holding company or in other related corporations.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 5 March 2024.

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Ong Ju Yan

Kuala Lumpur, Malaysia
5 March 2024

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OSK PROPERTY HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ong Ju Yan, being two of the Directors of OSK Property Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 16 to 131 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2023 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 5 March 2024.

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Ong Ju Yan

Kuala Lumpur, Malaysia
5 March 2024

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ng Lai Ping (CA 12349), being the officer primarily responsible for the financial management of OSK Property Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 16 to 131 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Ng Lai Ping
at Kuala Lumpur in the Federal Territory
on 5 March 2024

Ng Lai Ping

Before me,

Commissioner for Oaths
Kuala Lumpur, Malaysia
5 March 2024

PESURUHJAYA SUMPAH
W 729
MARDHIYYAH
ABDUL WAHAB
1 JAN 2024-31 DIS 2026
MALAYSIA

SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR

Tel : +603 2616 2888
Fax : +603 2616 3190 / 3191
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSK PROPERTY HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OSK Property Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 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 material accounting policy information, as set out on pages 16 to 131.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws"), and the International Ethics Standards Board for Accountants' 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.

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

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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

(c) 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
OSK PROPERTY HOLDINGS BERHAD (CONT'D)
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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

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

BDO PLT

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Chan Wai Leng
02893/08/2025 J
Chartered Accountant

Kuala Lumpur
5 March 2024

OSK PROPERTY HOLDINGS BERHAD
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS:					
Non-current					
Property, plant and equipment	6	8,492	6,281	-	1
Investment properties	7	312,918	315,614	-	-
Investments in subsidiaries	8	-	-	668,960	618,990
Intangible assets	9	406	428	350	350
Right-of-use asset	10	212	71	-	-
Inventories	11	1,319,033	1,244,089	-	-
Deferred tax assets	12	69,007	51,152	-	-
Trade receivables	13	10,853	8,130	-	-
Other assets	14	1,750	1,758	-	-
Amount due from a subsidiary	16	-	-	25,957	74,105
		1,722,671	1,627,523	695,267	693,446
Current					
Inventories	11	258,359	238,034	-	-
Trade receivables	13	81,221	107,851	-	-
Other assets	14	16,937	19,224	36	168
Contract assets	15	211,838	155,689	-	-
Amount due from subsidiaries	16	-	-	50,000	-
Amounts due from related companies	17	-	989	-	-
Tax recoverable		745	5,001	16	172
Cash, bank balances and short-term funds	18	344,504	213,844	19,326	18,523
		913,604	740,632	69,378	18,863
TOTAL ASSETS		2,636,275	2,368,155	764,645	712,309

OSK PROPERTY HOLDINGS BERHAD
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (CONT'D)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
LIABILITIES:					
Non-current					
Borrowings	19	25,521	25,673	-	-
Trade payables	20	8,906	9,804	-	-
Other liabilities	21	1,938	3,501	-	-
Lease liability	10	81	-	-	-
Deferred tax liabilities	12	8,142	11,394	-	-
		44,588	50,372	-	-
Current					
Borrowings	19	30,000	30,000	-	-
Trade payables	20	44,056	33,437	-	-
Other liabilities	21	418,484	349,151	83	81
Lease liability	10	134	74	-	-
Contract liabilities	22	101	295	-	-
Tax payable		14,633	7,586	-	-
Amount due to a subsidiary	16	-	-	20,753	20,959
Amounts due to related companies	17	1,277,641	1,177,720	59,600	58,250
		1,785,049	1,598,263	80,436	79,290
TOTAL LIABILITIES		1,829,637	1,648,635	80,436	79,290
NET ASSETS		806,638	719,520	684,209	633,019
EQUITY:					
Share capital	23	359,520	359,520	359,520	359,520
Treasury shares, at cost	24	(3,244)	(3,244)	(3,244)	(3,244)
		356,276	356,276	356,276	356,276
Retained profits		420,114	334,090	327,933	276,743
Issued capital and reserves attributable to Owners of the Company		776,390	690,366	684,209	633,019
Non-controlling interests	8(e)	30,248	29,154	-	-
TOTAL EQUITY		806,638	719,520	684,209	633,019

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

OSK PROPERTY HOLDINGS BERHAD
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Revenue	25	759,651	538,502	53,850	20,900
Cost of sales	26	(555,916)	(374,396)	-	-
Gross profit		203,735	164,106	53,850	20,900
Other income	27	14,867	10,060	2,377	1,987
Administrative expenses	28	(74,502)	(67,384)	(172)	(236)
Other expenses	29	(2,923)	(837)	(2,576)	(278)
		141,177	105,945	53,479	22,373
Finance costs	30	(20,557)	(15,699)	(1,913)	(1,441)
Profit before tax		120,620	90,246	51,566	20,932
Tax expense	31	(33,502)	(20,858)	(376)	(237)
Profit after tax, representing total comprehensive income for the year		87,118	69,388	51,190	20,695
Profit attributable to:					
Owners of the Company		86,024	68,629	51,190	20,695
Non-controlling interests	8(e)	1,094	759	-	-
		87,118	69,388	51,190	20,695
Earnings per share attributable to Owners of the Company (sen):					
Basic/Diluted	32	24.9	19.8		

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

OSK PROPERTY HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Group

		Attributable to Owners of the Company					
	Note	Share capital (Note 23)	Treasury shares (Note 24)	Retained profits	Total issued share capital and reserves	Non-controlling interests [(Note 8(e)]	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023		359,520	(3,244)	334,090	690,366	29,154	719,520
Profit after tax/Total comprehensive income		-	-	86,024	86,024	1,094	87,118
As at 31 December 2023		359,520	(3,244)	420,114	776,390	30,248	806,638
As at 1 January 2022		359,520	(3,244)	284,484	640,760	28,395	669,155
Profit after tax/Total comprehensive income		-	-	68,629	68,629	759	69,388
Dividends paid to Owners of the Company/ Total distributions to Owners	33	-	-	(19,023)	(19,023)	-	(19,023)
As at 31 December 2022		359,520	(3,244)	334,090	690,366	29,154	719,520

OSK PROPERTY HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D)

Company

			Distributable		
	Note	Share capital (Note 23)	Treasury shares (Note 24)	Retained profits	Total equity
		RM'000	RM'000	RM'000	RM'000
As at 1 January 2023		359,520	(3,244)	276,743	633,019
Profit after tax/Total comprehensive income		-	-	51,190	51,190
As at 31 December 2023		359,520	(3,244)	327,933	684,209
As at 1 January 2022		359,520	(3,244)	275,071	631,347
Profit after tax/Total comprehensive income		-	-	20,695	20,695
Dividends paid to Owners of the Company/ Total distributions to Owners	33	-	-	(19,023)	(19,023)
As at 31 December 2022		359,520	(3,244)	276,743	633,019

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

OSK PROPERTY HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	120,620	90,246	51,566	20,932
Adjustments#	17,011	18,264	(51,733)	(21,150)
Operating profit/(loss) before changes in working capital	**137,631**	**108,510**	**(167)**	**(218)**
(Increase)/Decrease in:				
Inventories	(26,901)	32,996	-	-
Trade receivables	24,967	(51,546)	-	-
Other assets	2,938	(11,572)	132	26
Contract assets	(56,149)	(60,531)	-	-
Increase/(Decrease) in:				
Trade payables	9,570	9,824	-	-
Other liabilities	94,949	(3,805)	2	(1)
Contract liabilities	(194)	193	-	-
Related companies	6,564	5,754	-	-
Changes in working capital	55,744	(78,687)	134	25
Cash from/(used in) operations	193,375	29,823	(33)	(193)
Income tax paid	(48,466)	(38,752)	(220)	(205)
Income tax refunded	5,160	78	-	-
Net cash from/(used in) operating activities	150,069	(8,851)	(253)	(398)

OSK PROPERTY HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D)

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment, divestment and income from investment:					
Funds distribution income received	27	1,185	717	143	302
Interest received	27	2,899	1,533	2,230	1,669
Investment properties expenditure	7(b)(i)	(303)	(500)	-	-
Proceeds from disposals of plant and equipment		87	33	-	-
Purchase of:					
- land for property development		(58,425)	(19,893)	-	-
- property, plant and equipment	6(b)(i)	(3,103)	(628)	-	-
- software licences	9(b)	(15)	(6)	-	-
Net investment, divestment and income from investment		(57,675)	(18,744)	2,373	1,971
Dividends and shares:					
Dividends received	25	-	-	53,850	20,900
Repayment to subsidiaries		-	-	(2,284)	(1,781)
Subscription of shares in subsidiaries	8(b)(i),8(b)(ii), 8(c)(ii),(iii)	-	-	(52,320)	(21,000)
Net dealings with subsidiaries		-	-	(754)	(1,881)
Net cash (used in)/from investing activities		(57,675)	(18,744)	1,619	90
CASH FLOWS FROM FINANCING ACTIVITIES					
Fundings in business:					
Advance from related companies	19(e)(ii)	94,346	154,076	1,350	1,050
Dividends paid to Owners of the Company	33	-	(19,023)	-	(19,023)
Interest paid		(55,794)	(43,797)	(1,913)	(1,441)
Payment of lease liability	10(c)	(134)	(129)	-	-
Repayment of term loans	19(e)(i)	(152)	(65,410)	-	-
Net cash from/(used in) financing activities		38,266	25,717	(563)	(19,414)

OSK PROPERTY HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Net increase/(decrease) in cash and cash equivalents		130,660	(1,878)	803	(19,722)
Cash and cash equivalents at beginning of the year		213,844	215,722	18,523	38,245
Cash and cash equivalents at end of the year, comprised cash, bank balances and short-term funds	18	344,504	213,844	19,326	18,523

#Adjustments:

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Operating items (non-cash and disclosure items):					
(Write back of)/Allowance for impairment loss (net) on:					
- trade receivables	13(b)(i)	(1,060)	(1,478)	-	-
- other receivables	14(c)(i)	114	138	-	-
- amount due from a subsidiary	16(a)(i)	-	-	226	278
Write off of trade receivables		-	31	-	-
		(946)	(1,309)	226	278
Non-operating items:					
Depreciation and amortisation		7,315	7,272	1	2
Funds distribution income		(1,185)	(717)	(143)	(302)
Impairment loss on investment in a subsidiary	8(d)	-	-	2,350	-
Interest expense		18,344	15,067	1,913	1,441
Interest income		(2,899)	(1,533)	(2,230)	(1,669)
Dividend income		-	-	(53,850)	(20,900)
Gain on disposals of plant and equipment		(87)	(33)	-	-
Gain on fair valuation of retention sums		(757)	(483)	-	-
Write back of impairment loss on investment properties	7(b)(i)	(2,774)	-	-	-
		17,957	19,573	(51,959)	(21,428)
#Adjustments		17,011	18,264	(51,733)	(21,150)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

1. CORPORATE INFORMATION AND AUTHORISATION OF FINANCIAL STATEMENTS FOR USE

The Company is a public company limited by shares, incorporated under the CA2016, domiciled in Malaysia.

The registered office of the Company is located at 21st Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur. The principal place of business of the Company is located at 7th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

The Company is an investment holding company. The principal activities of the subsidiaries are described in Note 8. There have been no significant changes in the nature of these principal activities during the year.

Yellow Rock (L) Foundation, a Labuan foundation registered under the Labuan Foundations Act 2010, is regarded by the Directors as the Company's ultimate holding company.

OSK Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, represents the Company's immediate holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 5 March 2024.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

This note provides the overall basis of preparation that is useful and relevant in understanding these financial statements.

(a) Accounting convention and notes structure to these financial statements

These financial statements have been prepared on a historical cost convention, other than short-term funds which are measured at their fair values. The financial statements of the Group and of the Company have been prepared on the basis that they will continue to operate as a going concern. The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on going concern matters are discussed in Note 41(b)(i).

The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company and all values are rounded to the nearest thousand (RM'000) unless otherwise indicated.

The material accounting policies, significant judgements, key estimates and assumptions have also been placed together in the same note as the related qualitative and quantitative disclosures, to provide a more holistic discussion to users of these financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(b) Statement of compliance with financial reporting standards and Companies Act

These financial statements have been prepared in accordance with applicable approved Malaysian Financial Reporting Standards ("MFRS") issued by Malaysian Accounting Standards Board ("MASB"), IFRS Accounting Standards issued by International Accounting Standards Board ("IASB") and the requirements of Companies Act 2016 in Malaysia.

During the year, the Group and the Company have adopted amendments to MFRS as disclosed in Note 40(a). The standards, amendments to published standards and interpretations to existing MFRS; and the sustainability disclosure standards issued by the International Sustainability Standards Board ("ISSB") that are applicable to the Group and the Company but not yet effective for the current financial year are disclosed in Notes 40(b) and 41 respectively.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at the end of the year. Note 8 shows further information on investments in subsidiaries. The financial statements of these subsidiaries are prepared for the same reporting period as the Group. The accounting policies of all companies are aligned with those of the Group.

Control is achieved when the Group is exposed or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group's controls over an investee is satisfied if, and only if, the Group has:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) exposure, or rights, to variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

There is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, all relevant facts and circumstances are considered in assessing whether the Group has power over an investee, including:

(i) the contractual arrangement(s) with the other vote holders of the investee;
(ii) rights arising from other contractual arrangements; and
(iii) the voting rights and potential voting rights.

At the end of the year, the Group owns more than half of the voting rights resulting in control in all its subsidiaries. The effective proportion of ownership interest is shown in Note 8(f).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(c) Basis of consolidation (CONT'D)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders (owners) of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. At the end of the financial year, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities (intragroup outstanding balances), equity, income, expenses and cash flows relating to transactions between members of the Group as well as dividends paid/payable to the Company by subsidiaries and associates and a joint venture are eliminated in full on consolidation. Unrealised gains arising from transactions are also eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in the statement of changes in equity and attributed to the Owners of the Company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity. Any gain or loss is recognised in the statement of profit or loss. Any investment retained in the subsidiary is measured at fair value at the date when control is lost.

The non-controlling interests are equity in a subsidiary not attributable, directly or indirectly, to the Group. The non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests are initially measured at either fair value or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Subsequently, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(d) Climate-related matters

It is required to consider climate-related matters in estimates and assumptions when making judgments where appropriate. This assessment includes potential impacts on the Group due to both physical and transition risks. The Group believes its business model and products and services will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. The climate-related risks might not currently have a material impact on measurement, but the Group is closely observing relevant changes and developments, such as new climate-related legislation.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements for each potential item are discussed in Note 41(b).

3. SEGMENT INFORMATION

This note provides performance, assets and liabilities analysis by business.

For management purposes, the Group's business activities are organised into three core reportable business segments, based on the nature of the products and services. The Board of Directors and senior management of the Group are the chief operating decision makers and monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The three core business segments are described as follows:

(1) Property Development
- Development of residential and commercial properties for sale and provision of project management services.

(2) Property Investment and Management
- Management and letting of properties, contributing rental yield and appreciation of properties.

(3) Investment Holding
- Investing activities segment, where investments contribute dividend income and interest income.

Inter-segment revenues are eliminated upon consolidation.

Business segment revenue and results include items directly attributable to each segment as well as those that can be allocated on a reasonable basis. Inter-segment transactions have been entered into at arms-length terms mutually agreed between the segments and have been eliminated to arrive at the Group's results. During the year, there is no single external customer that makes up ten percent or more of the Group's revenue.

The basis of segmentation and related measurement of segment revenue, results, assets and liabilities were not materially changed as compared with the previous year.

3. SEGMENT INFORMATION (CONT'D)

(a) Business segments analysis:

Business segment assets and liabilities analysis:

2023	**Note**	**Property Development RM'000**	**Property Investment and Management RM'000**	**Investment Holding RM'000**	**Conso-lidated RM'000**
Assets					
Tangible assets		2,248,267	298,486	19,364	2,566,117
Intangible assets	9	29	27	350	406
Segment assets		2,248,296	298,513	19,714	2,566,523
Deferred tax assets and tax recoverable		69,556	180	16	69,752
Total assets		2,317,852	298,693	19,730	2,636,275
Liabilities					
Segment liabilities		1,564,437	182,741	59,684	1,806,862
Deferred tax liabilities and tax payable		22,775	-	-	22,775
Total liabilities		1,587,212	182,741	59,684	1,829,637
Expenditure capitalised under:					
Property, plant and equipment	6(b)(i)	2,956	147	-	3,103
Investment properties	7(b)(i)	303	-	-	303
Intangible assets	9(b)	15	-	-	15
		3,274	147	-	3,421

2022	**Note**	**Property Development RM'000**	**Property Investment and Management RM'000**	**Investment Holding RM'000**	**Conso-lidated RM'000**
Assets					
Tangible assets		1,993,843	299,041	18,690	2,311,574
Intangible assets	9	30	48	350	428
Segment assets		1,993,873	299,089	19,040	2,312,002
Deferred tax assets and tax recoverable		55,832	149	172	56,153
Total assets		2,049,705	299,238	19,212	2,368,155
Liabilities					
Segment liabilities		1,391,859	179,464	58,332	1,629,655
Deferred tax liabilities and tax payable		18,980	-	-	18,980
Total liabilities		1,410,839	179,464	58,332	1,648,635
Expenditure capitalised under:					
Property, plant and equipment	6(b)(i)	572	56	-	628
Investment properties	7(b)(i)	500	-	-	500
Intangible assets	9(b)	6	-	-	6
		1,078	56	-	1,134

3. SEGMENT INFORMATION (CONT'D)

(a) Business segments analysis: (Cont'd)

Business segment performance analysis:

2023

	Property Development RM'000	Property Investment and Management RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue				
Total revenue	736,541	23,161	53,850	813,552
Elimination of:				
Inter-segment revenue	-	(51)	-	(51)
Dividends from subsidiaries	-	-	(53,850)	(53,850)
Revenue from external parties	736,541	23,110	-	759,651
Results				
Segment profit/(loss)	124,634	(4,124)	292	120,802
Eliminations of unrealised profit	-	-	(182)	(182)
Profit/(Loss) before tax	124,634	(4,124)	110	120,620
Tax expense	(33,114)	(12)	(376)	(33,502)
Profit/(Loss) after tax	91,520	(4,136)	(266)	87,118

2022

	Property Development RM'000	Property Investment and Management RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue				
Total revenue	519,460	19,106	20,900	559,466
Elimination of:				
Inter-segment revenue	-	(64)	-	(64)
Dividends from subsidiaries	-	-	(20,900)	(20,900)
Revenue from external parties	519,460	19,042	-	538,502
Results				
Segment profit/(loss)	97,565	(7,759)	309	90,115
Realisation of profit upon completion of sale	-	-	131	131
Profit/(Loss) before tax	97,565	(7,759)	440	90,246
Tax (expense)/income	(20,658)	37	(237)	(20,858)
Profit/(Loss) after tax	76,907	(7,722)	203	69,388

3. SEGMENT INFORMATION (CONT'D)

(a) Business segments analysis: (Cont'd)

Business segment performance analysis: (Cont'd)

Items included in the business segment performance analysis are:

2023	**Property Development RM'000**	**Property Investment and Management RM'000**	**Investment Holding RM'000**	**Consolidated RM'000**
Other Income (Note 27)				
Fair valuation gain of:				
- retention sums	385	372	-	757
- short-term funds	875	-	-	875
Funds distribution income	945	97	143	1,185
Gain on disposals of plant and equipment	87	-	-	87
Gain on redemption of short-term funds	429	-	-	429
Interest income	2,459	83	357	2,899
Write back of impairment losses on:				
- investment properties	-	2,774	-	2,774
- trade receivables	-	1,352	-	1,352
- other receivables	-	81	-	81
Administrative Expenses (Note 28)				
Depreciation and amortisation	(1,372)	(5,940)	(1)	(7,313)
Other Expenses (Note 29)				
Allowance for impairment losses on:				
- trade receivables	-	(292)	-	(292)
- other receivables	(182)	(13)	-	(195)
Fair valuation loss of short-term funds	(120)	-	-	(120)
Finance Costs (Note 30)				
Finance costs	(11,889)	(8,622)	(46)	(20,557)

3. SEGMENT INFORMATION (CONT'D)

(a) Business segments analysis: (Cont'd)

Business segment performance analysis: (Cont'd)

Items included in the business segment performance analysis are: (Cont'd)

2022	**Property Development RM'000**	**Property Investment and Management RM'000**	**Investment Holding RM'000**	**Consolidated RM'000**
Other Income (Note 27)				
Fair valuation gain of:				
- retention sums	166	317	-	483
- short-term funds	687	-	-	687
Funds distribution income	374	41	302	717
Gain on disposals of plant and equipment	33	-	-	33
Gain on redemption of short-term funds	443	-	-	443
Interest income	1,122	138	273	1,533
Write back of impairment losses on:				
- trade receivables	106	1,881	-	1,987
- other receivables	19	137	-	156
Administrative Expenses (Note 28)				
Depreciation and amortisation	(1,361)	(5,909)	(2)	(7,272)
Other Expenses (Note 29)				
Allowance for impairment losses on:				
- trade receivables	-	(509)	-	(509)
- other receivables	(251)	(43)	-	(294)
Fair valuation loss of short-term funds	(3)	-	-	(3)
Write off of trade receivables	-	(31)	-	(31)
Finance Costs (Note 30)				
Finance costs	(8,681)	(6,991)	(27)	(15,699)

(b) Geographical segment analysis

The Group only operates domestically in Malaysia, hence no geographical segmental information is presented.

4. CAPITAL MANAGEMENT

This note outlines the overview of the Group's capital management policy.

For the Group's capital management, capital is equivalent to issued capital and reserves attributable to the Owners of the Company or Shareholders' funds. The primary objectives of the Group's capital management are to ensure that it maintains optimum capital base and healthy capital ratios to sustain its future business development so that the Group is able to continue to provide returns and maximise Shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions by meeting the internal capital requirements, optimising return to Shareholders, maintaining adequate levels and optimum mix of capital. To meet these objectives, the Group may adjust the dividend payment to its Shareholders, return capital to Shareholders or issue new shares.

The Group monitors capital by actively managing the level of gearing ratio which is the net debts divided by Shareholders' funds. The gearing ratio at the end of the year is as follows:

		Group	
	Note	**2023**	**2022**
		RM'000	**RM'000**
Borrowings	19	55,521	55,673
Amounts due to related companies	17	1,258,588	1,164,242
Lease liability	10	215	74
Cash, bank balances and short-term funds	18	(344,504)	(213,844)
Net debts		969,820	1,006,145
Issued capital and reserves attributable to Owners of the Company/Shareholders' funds		776,390	690,366
Gearing ratio (times)		1.25	1.46

The Group manages its treasury centrally via a treasury management centre and allocates cash and financing to support business requirements. No changes were made in the objective, policies or processes for managing capital as compared with previous year.

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT

This note outlines objectives and policies of how the Group manages their financial risks and liquidity positions and provides information about the types of key financial risks on the financial instruments of the Group which are categorised as follows:

(i) Financial assets and financial liabilities at fair value through profit or loss ("FVTPL"); and
(ii) Financial assets and financial liabilities at amortised costs ("AC").

	Note	FVTPL RM'000	AC RM'000	Total RM'000
Group				
2023				
Financial assets				
Trade receivables	13	-	92,074	92,074
Other assets excluding prepayments	14	-	18,039	18,039
Cash, bank balances and short-term funds	18	57,786	286,718	344,504
		57,786	396,831	454,617
Financial liabilities				
Lease liability	10	-	215	215
Amounts due to related companies	17	-	1,277,641	1,277,641
Borrowings	19	-	55,521	55,521
Trade payables	20	-	52,962	52,962
Other liabilities excluding provisions	21	-	304,380	304,380
		-	1,690,719	1,690,719
2022				
Financial assets				
Trade receivables	13	-	115,981	115,981
Other assets excluding prepayments	14	-	20,039	20,039
Amounts due from related companies	17	-	989	989
Cash, bank balances and short-term funds	18	71,660	142,184	213,844
		71,660	279,193	350,853
Financial liabilities				
Lease liability	10	-	74	74
Amounts due to related companies	17	-	1,177,720	1,177,720
Borrowings	19	-	55,673	55,673
Trade payables	20	-	43,241	43,241
Other liabilities excluding provisions	21	-	267,842	267,842
		-	1,544,550	1,544,550

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONT'D)

	Note	FVTPL RM'000	AC RM'000	Total RM'000
Company				
2023				
Financial assets				
Other assets excluding prepayments	14	-	34	34
Amount due from a subsidiary	16	-	75,957	75,957
Cash, bank balances and short-term funds	18	4,186	15,140	19,326
		4,186	91,131	95,317
Financial liabilities				
Amount due to a subsidiary	16	-	20,753	20,753
Amount due to a related company	17	-	59,600	59,600
Other liabilities excluding provisions	21	-	56	56
		-	80,409	80,409
2022				
Financial assets				
Other assets excluding prepayments	14	-	168	168
Amount due from a subsidiary	16	-	74,105	74,105
Cash, bank balances and short-term funds	18	3,248	15,275	18,523
		3,248	89,548	92,796
Financial liabilities				
Amount due to a subsidiary	16	-	20,959	20,959
Amount due to a related company	17	-	58,250	58,250
Other liabilities excluding provisions	21	-	56	56
		-	79,265	79,265

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONT'D)

Key financial risks, measurements and respective mitigation strategies of the Group

Types of risks and exposures	Note	Measurement	Strategies
(a) Liquidity risk			
Lease liability	10	Cash flow forecasts analysis	Right mix of short-mid-long terms fundings
Amounts due to related companies	17	Debts maturity analysis	Availability of committed lines and credit facilities
Borrowings	19		Monitoring of short-term funds
Trade payables	20		
Other liabilities excluding provisions	21		
(b) Market risk			
Interest rate risk			
Lease liability	10	Funding cost analysis	Diversification of bankers
Amounts due from/(due to) related companies	17	Sensitivity analysis	Diversification of borrowings types
Deposits with licensed financial institutions	18		Centralisation of treasury management
Housing Development Accounts	18		
Borrowings	19		
(c) Credit risk			
Trade receivables	13	Credit ratings	Securing of adequate collaterals
Other assets excluding prepayments	14	Ageing analysis	Diversification of deposits with bankers
		Creditworthiness	
Contract assets	15	Climate-related rating, if relevant	Guidelines for short-term placements
Amounts due from related companies	17		
Bank balances and short-term funds	18		

The Group's Enterprise Risk Management framework outlines the governance and control application of risk management throughout our business operations and finance processes. In addition, the treasury management centre together with the business units identify, evaluate and manage financial risks.

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONT'D)

The Group's principal financial liabilities comprise borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash, bank balances and short-term funds that derive directly from its operations.

There were no material changes in the exposures to risks and how they arise or its objectives, policies and processes for managing the risks and the methods used to measure the risks from the previous year.

Objectives and policies

Financial risk management policies and guidelines are established to ensure that financial resources are adequately available for business development whilst managing the financial risks that are exposed to the Group i.e. liquidity risk, market risk (including interest rate risk) and credit risk. The Group also manages and allocates its capital resources centrally to ensure that all business units maintain the required level of capital and prudent level of liquidity at all times.

The Board of Directors embrace effective risk management as an integral part of business, operations and decision-making process. The Board acknowledges that the activities of the Group may involve some degree of risks and it should be noted that any system could only provide a reasonable and not absolute assurance against any misstatement or loss.

The Board will pursue an ongoing process for identifying, assessing and managing key business areas, and overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigation strategies. Key financial risks are elaborated below:

(a) Liquidity risk

Liquidity risk definition and strategy

Liquidity risk is the risk that the Group and the Company will encounter difficulties in maintaining and raising funds to meet its financial commitments and obligations when they fall due at a reasonable cost. The funding needs are primarily met by bank borrowings and internally generated funds.

The Group and the Company seek to achieve a balance between certainty of funding and flexibility through the use of a cost-effective borrowing structure including short-term revolving credits, term and bridging lines as disclosed in Note 19. Such a policy seeks to ensure that all projected net borrowing needs are covered by adequate committed facilities. In addition, debt maturities are the right mix of short-mid-long terms and are closely monitored to ensure that the Group and the Company can meet its refinancing needs and obligations as and when they fall due. The Group and the Company assessed the concentration of risk for refinancing its debt and concluded it to be low.

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5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONT'D)

(a) Liquidity risk (Cont'd)

Liquidity risk definition and strategy (Cont'd)

Cash flow forecasts, taking into account all major transactions, are prepared and monitored. Any excess funds from operating cash cycles, which are temporary in nature, are invested in short-term funds as and when available with a wide array of licensed financial institutions at the most beneficial interest rates. The Group and the Company manage the funding needs and allocate funds in such a manner that all business units maintain optimum levels of liquidity which are sufficient for their operations. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Liquidity risk exposures

In respect of the borrowings that are supported by corporate guarantees provided by the Company as disclosed in Note (c), there was no indication as at 31 December 2023 that any subsidiary would default. In the event of a default by the subsidiaries, the financial guarantees could be called on demand.

The table below analyses the financial liabilities into relevant maturity grouping based on the remaining period at the end of the year to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and the balances shown below will not agree to the balances as reported in the statements of financial position as the table incorporates all contractual cash flows on an undiscounted basis, including both principal and interest payments.

Group	**On demand or within 1 year RM'000**	**>1 to 2 years RM'000**	**>2 to 5 years RM'000**	**Over 5 years RM'000**	**Total contractual undis-counted cash flows RM'000**
2023					
Borrowings	31,347	1,265	27,052	-	59,664
Trade payables	44,056	4,907	4,636	-	53,599
Other liabilities excluding provisions	302,442	1,447	947	-	304,836
Lease liability	141	82	-	-	223
Amounts due to related companies	1,277,641	-	-	-	1,277,641
	1,655,627	7,701	32,635	-	1,695,963

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONT'D)

(a) Liquidity risk (Cont'd)

Liquidity risk exposures (Cont'd)

Group (Cont'd)	On demand or within 1 year RM'000	>1 to 2 years RM'000	>2 to 5 years RM'000	Over 5 years RM'000	Total contractual undis-counted cash flows RM'000
2022					
Borrowings	31,271	1,149	21,945	6,259	60,624
Trade payables	33,437	6,385	3,944	-	43,766
Other liabilities excluding provisions	264,341	2,712	978	-	268,031
Lease liability	74	-	-	-	74
Amounts due to related companies	1,177,720	-	-	-	1,177,720
	1,506,843	10,246	26,867	6,259	1,550,215

Company	On demand or within 1 year RM'000	Total contractual undis-counted cash flows RM'000
2023		
Other liabilities excluding provisions	56	56
Amount due to a related company	59,600	59,600
Amount due to a subsidiary	20,753	20,753
	80,409	80,409
2022		
Other liabilities excluding provisions	56	56
Amount due to a related company	58,250	58,250
Amount due to a subsidiary	20,959	20,959
	79,265	79,265

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONT'D)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to interest rate risk. Management continually evaluates risk arising from adverse movements in market prices or rates. External conditions such as global and domestic economic climates that are generally unpredictable and uncontrollable may affect the overall performance of the Group. Financial instruments affected by market risk include borrowings and deposits.

Interest rate risk

Interest rate risk definition and strategy

Interest rate risk is the risk that the fair value or yield (i.e. future cash flows) of a financial instrument will fluctuate because of changes in market interest rates. The floating rate borrowings are managed based on respective licensed financial institutions' cost of funds or base rates to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The floating rate borrowings are monitored and negotiated according to changes in the interest rates to ensure that the Group and the Company benefit from the lowest possible finance cost.

The Group and the Company manage their interest rate risk by having a balanced portfolio of fixed and variable-rate loans and borrowings. The Group's and the Company's interest rate risk mainly arise from long-term borrowings with variable rates which expose the Group and the Company to cash flow interest rate risk. Such borrowings at variable rates were denominated in RM. The borrowings carried at amortised cost are periodically and contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

Interest rate risk exposures

The financial instruments that are exposed to interest rate risk are lease liability, amounts due from/to subsidiaries, amounts due from/to related companies, bank balances and short-term funds and borrowings as disclosed in Notes 10, 16, 17, 18 and 19 respectively.

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONT'D)

(b) Market risk (Cont'd)

Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group's and the Company's profit after tax if interest rates had been an average of 25 (2022: 25) basis points higher/lower for the Group and the Company, with all other variables remained constant, arising mainly as a result of higher/lower net interest expense from borrowings.

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Profit after tax				
Interest rates				
- increased by 0.25%	(1,843)	(1,910)	28	25
- decreased by 0.25%	1,843	1,910	(28)	(25)

(c) Credit risk

Credit risk definition, strategy and exposures

Credit risk is the risk of potential financial loss arising from the failure of a counterparty to fulfill its obligations under a contractual agreement and includes settlement/clearing risk, concentration risk, credit assessment risk, recovery risk and credit-related liquidity risk.

The Group is exposed to credit risk from its operating activities principally from trade receivables, other assets, contract assets, amounts due from related companies, bank balances and short-term funds as disclosed in Notes 13, 14, 15, 17 and 18 respectively. The Company's exposure to credit risk arises principally from other assets, amounts due from subsidiaries, bank balances and short-term funds as disclosed in Notes 14, 16 and 18 respectively and financial guarantees given to licensed financial institutions for credit facilities granted to its subsidiaries of the Group.

The Group's business activities are guided by internal credit policies and guidelines that are approved by the Board of Directors, which have been established to ensure that the overall objectives in the area of lending are achieved.

The Group conservatively manages its credit risk by controlling on granting of credits, revision in limits and other monitoring procedures.

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONT'D)

(c) Credit risk (Cont'd)

Credit risk definition, strategy and exposures (Cont'd)

The Group is monitoring the economic environment and reviewing the expected credit loss model by revisiting the criteria in determining the significant increase in credit risk. The balances disclosed in the statements of financial position had netted off with the credit risk exposure through the impairment assessment carried out.

Trade receivables, contract assets and other assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Bank balances, short-term funds and amounts due from subsidiaries/related companies

Credit risk from balances with banks and financial institutions is managed by the Group's treasury management centre following the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's executive committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Impairment assessment

The Group and the Company adopt, where applicable, the 'simplified approach' and 'general approach' impairment assessment pursuant to MFRS 9 'Financial Instruments' for impairment assessment and the related assessments are trade receivables, other assets, contract assets, amounts due from subsidiaries, amounts due from related companies, bank balances and short-term funds as disclosed in Notes 13, 14, 15, 16, 17 and 18 respectively.

Allowance for impairment losses is made and interest income is recognised in accordance with the relevant accounting policies or when deemed necessary based on estimates of expected losses that may arise from non-collection of debts from its business. Impairment is made based on individual assessment only when avenues of recovery have been exhausted and the debts are deemed to be irrecoverable in the foreseeable future.

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONT'D)

(c) Credit risk (Cont'd)

Impairment assessment (Cont'd)

Amounts due from subsidiaries and related companies is assessed on an individual basis. It is assumed that there is a significant increase in credit risk when the financial position of any of them deteriorates significantly. Amounts due from subsidiaries and related companies; and financial guarantees are credit impaired when such subsidiary or related company is unable to meet its debts when due after exhausting its capability to secure new financing. It requires management to exercise significant judgement in determining the probability of default on the advances and financial guarantees, appropriate forward-looking information and significant increase in credit risk.

The maximum credit risk exposure of the Company arising from the amounts due from subsidiaries and related companies are represented by their carrying amounts in the statements of financial position as disclosed in Notes 16 and 17. The bank balances are placed with credit-worthy licensed financial institutions. Therefore, both bank balances and short-term funds have low credit risk.

Financial guarantee contracts

Corporate guarantees are granted to lenders for financing facilities extended to certain subsidiaries. The maximum credit risk exposure of the financial guarantees issued are as follows:

	Company	
	2023	**2022**
	RM'000	**RM'000**
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiaries	43,084	46,252

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

Financial guarantee contracts are recognised as financial liabilities at the time the guarantee crystallises. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation, where appropriate.

Financial guarantees have low credit risk at the end of the year as the financial guarantees are unlikely to be called upon by the licensed financial institutions. The fair values of the financial guarantees are negligible as the probability of subsidiaries defaulting on repayment and the licensed banks calling upon the financial guarantees are remote.

6. PROPERTY, PLANT AND EQUIPMENT

This note provides information about the property, plant and equipment (alternatively named as fixed assets) used to generate business income.

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net carrying amount:				
Freehold land	1,307	-	-	-
Buildings	4,101	4,204	-	-
Plant and machinery	266	353	-	-
Motor vehicles	1,262	766	-	-
Furniture, fittings and equipment	1,556	958	-	1
	8,492	6,281	-	1

All the property, plant and equipment are in use for business.

(a) Recognition, measurement and significant judgement

Property, plant and equipment are recognised when it is probable that the future economic benefits will flow to the Group and the Company. These assets are initially measured at cost (i.e. the fair value at the date on which control is obtained) including the cost of replacing part of the plant and equipment and subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, depreciation is provided separately based on their specific useful lives. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred. It is required to determine whether these expenditures satisfy the definition of an asset and are recognised as property, plant and equipment.

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

(a) Recognition, measurement and significant judgement (Cont'd)

Depreciation is calculated on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life of the assets. Depreciation expense on property, plant and equipment is recognised in the statement of profit or loss in the expense category that is consistent with the function of the property, plant and equipment. Freehold land is not depreciated. The estimated useful life represents common life expectancy applied in the industry within which the Group and the Company operate. The principal depreciation periods and annual rates used are as follows:

	Years	**Percentage** (%)
Buildings	50	2
Plant and machinery	5	20
Motor vehicles	7	15
Furniture, fittings and equipment	5 - 10	10 - 20

Residual value, useful life and depreciation method are reviewed at least annually 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 and equipment.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each year's end and adjusted prospectively, if appropriate.

At each reporting date, an assessment is performed on whether there is an indication of impairment on an asset. If any indication exists or when annual impairment testing for an asset is required an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An impairment loss is accounted for if the carrying amount exceeds the recoverable amount as the asset is considered impaired and written down to its recoverable amount.

For impairment assessment, the recoverable amount of the property, plant and equipment is determined based on either (a) "value-in-use" of Cash Generating Units ("CGU"); or (b) indicative market value of the property, plant and equipment, where appropriate.

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

(a) Recognition, measurement and significant judgement (Cont'd)

Value-in-use of the CGU is determined by discounting the future cash flows to be generated from continuing use of the CGU. Significant judgement is used in making these estimates on future results and key assumptions applied to cash flow projections of the CGU. The key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on property, plant and equipment are discussed in Notes 41(b)(iv) and 41(b)(v).

Further details of the impairment are disclosed in Note (b)(iii).

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

Carrying amount of an item of property, plant and equipment is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised (Note 27).

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

(b) Other information

(i) Movement of property, plant and equipment by classes of assets

Group

2023

Cost	**Note**	**Freehold land RM'000**	**Buildings RM'000**	**Plant and machinery RM'000**	**Motor vehicles RM'000**	**Furniture, fittings, and equipment RM'000**	**Total RM'000**
At the beginning of the year		-	5,181	458	3,451	9,461	18,551
Additions	3(a)	1,307	-	-	790	1,006	3,103
Disposals		-	-	-	(594)	-	(594)
At the end of the year		1,307	5,181	458	3,647	10,467	21,060
Accumulated depreciation							
At the beginning of the year		-	977	105	2,685	7,230	10,997
Charge for the year	(b)(ii)	-	103	87	294	408	892
Disposals		-	-	-	(594)	-	(594)
At the end of the year		-	1,080	192	2,385	7,638	11,295
Accumulated impairment							
At the beginning/end of the year		-	-	-	-	1,273	1,273
Net carrying amount		1,307	4,101	266	1,262	1,556	8,492

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

(b) Other information (Cont'd)

(i) Movement of property, plant and equipment by classes of assets (Cont'd)

Group (Cont'd)

2022	Note	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, and equipment RM'000	Total RM'000
Cost						
At the beginning of the year		5,181	76	3,617	9,215	18,089
Additions	3(a)	-	382	-	246	628
Disposals		-	-	(166)	-	(166)
At the end of the year		5,181	458	3,451	9,461	18,551
Accumulated depreciation						
At the beginning of the year		874	38	2,543	6,843	10,298
Charge for the year	(b)(ii)	103	67	308	387	865
Disposals		-	-	(166)	-	(166)
At the end of the year		977	105	2,685	7,230	10,997
Accumulated impairment						
At the beginning/end of the year		-	-	-	1,273	1,273
Net carrying amount		4,204	353	766	958	6,281

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

(b) Other information (Cont'd)

(i) Movement of property, plant and equipment by classes of assets (Cont'd)

Furniture and fittings	Note	Company 2023 RM'000	Company 2022 RM'000
Cost			
At the beginning/end of the year		18	18
Accumulated depreciation			
At the beginning of the year		17	15
Charge for the year	(b)(ii)	1	2
At the end of the year		18	17
Net carrying amount		-	1

(ii) Depreciation charge

The total depreciation charge for the year is as follows:

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Recognised in profit or loss and classified under:					
- Cost of sales	26(b)	2	-	-	-
- Administrative expenses	28	890	865	1	2
	(b)(i)	892	865	1	2

(iii) Impairment

Impairment assessment on property, plant and equipment of certain subsidiaries was carried out based on the "value-in-use" of CGU by using the key assumptions as disclosed in Note (a) above. There was no indication of impairment as the recoverable amounts of such CGU were higher than their carrying amounts. For assessment of the value-in-use of the CGU, it is believed that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

7. INVESTMENT PROPERTIES

This note provides information about the investment properties held by the Group to generate rental income and benefit from capital appreciation.

	Note	Group 2023 RM'000	Group 2022 RM'000
Net carrying amount			
Freehold land		60,290	60,239
Buildings		252,194	255,375
Building under construction		434	-
	(b)(i)	312,918	315,614
Fair value		432,917	419,671

(a) Recognition and measurement

Investment properties of the Group comprise a shopping mall, hypermarket premises and car parks. Management determined that the investment properties based on the nature, characteristics and risk of each property.

Investment properties comprise properties held for rental yields or capital appreciation or both and are not occupied by the Group.

Investment properties are capitalised when it is probable that the future economic benefits will flow to the Group. The Group has elected to state investment properties at cost model in accordance with MFRS 140 'Investment Property'. These investment properties are capitalised initially at acquisition cost, being the fair value of consideration paid, including related transaction costs and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

7. INVESTMENT PROPERTIES (CONT'D)

(a) Recognition and measurement (Cont'd)

Depreciation is calculated on a straight-line basis to write off the cost of each investment property to its residual value over its estimated useful life. The estimated useful life represents common life expectancy applied in the industry within which the Group operates. Depreciation expense on investment properties is recognised in the statement of profit or loss. The principal depreciation period for buildings is 50 years. Freehold land and building under construction are not depreciated.

At the end of the year, the Group assesses whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An impairment is accounted for if the carrying amount exceeds the recoverable amount.

Investment properties are derecognised either when they have been disposed (i.e. at the date the recipient obtains control) or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses, calculated as the difference between the net disposal proceeds and the carrying amount of assets on the retirement or disposal during the year are recognised in the statement of profit or loss. In determining the amount of consideration from the derecognition of investment property, the effects of variable consideration will be considered, the existence of a significant financing component, non-cash consideration, and consideration payable to buyer, if any.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, such property is accounted in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on investment properties are discussed in Note 41(b)(v).

7. INVESTMENT PROPERTIES (CONT'D)

(b) Other information

(i) Movement of investment properties

Group

2023	**Note**	**Freehold land RM'000**	**Buildings RM'000**	**Building under construction RM'000**	**Total RM'000**
Cost					
At the beginning of the year		60,239	337,886	-	398,125
Expenditure incurred	3(a)	-	303	-	303
Reclassified from inventories	11(b)(i)	51	-	434	485
At the end of the year		60,290	338,189	434	398,913
Accumulated depreciation					
At the beginning of the year		-	45,664	-	45,664
Charge for the year	(b)(iii)	-	6,258	-	6,258
At the end of the year		-	51,922	-	51,922
Accumulated impairment					
At the beginning of the year		-	36,847	-	36,847
Write back of impairment loss	27	-	(2,774)	-	(2,774)
At the end of the year		-	34,073	-	34,073
Net carrying amount		60,290	252,194	434	312,918

7. INVESTMENT PROPERTIES (CONT'D)

(b) Other information (Cont'd)

(i) Movement of investment properties (Cont'd)

Group (Cont'd)

2022	**Note**	**Freehold land RM'000**	**Buildings RM'000**	**Total RM'000**
Cost				
At the beginning of the year		60,239	337,386	397,625
Expenditure incurred	3(a)	-	500	500
At the end of the year		60,239	337,886	398,125
Accumulated depreciation				
At the beginning of the year		-	39,432	39,432
Charge for the year	(b)(iii)	-	6,232	6,232
At the end of the year		-	45,664	45,664
Accumulated impairment				
At the beginning/end of the year		-	36,847	36,847
Net carrying amount		60,239	255,375	315,614

The additional costs incurred were for the existing investment properties.

(ii) Rental income and direct expenses

Rental income and direct expenses arising from investment properties during the year are as follows:

	Group	
	2023 RM'000	**2022 RM'000**
Rental income generating	5,415	3,774
Direct expenses incurred to generate the rental income	2,013	1,781

7. INVESTMENT PROPERTIES (CONT'D)

(b) Other information (Cont'd)

(iii) Depreciation charge

The total depreciation charge for the year:

	Note	Group 2023 RM'000	Group 2022 RM'000
Recognised in profit or loss and classified under:			
- Administrative expenses	28	6,258	6,232

(iv) Assets pledged as security

Investment properties with a total carrying amount of RM285.4 million (2022: RM288.3 million) are pledged to licensed financial institutions for the medium-term notes issued by a related company as disclosed in Note 17(a)(ii) to refinance the term borrowing of a subsidiary.

(v) Other relevant information

The Group engaged independent valuation specialists to determine the fair values of a shopping mall with an attached car park. The fair value was determined using a comparison method. The fair value of other investment properties is estimated by the Directors by reference to transaction prices for similar properties in the vicinity as well as based on the income capitalisation method taking into account rental receipts, market rental yields and the use of appropriate capitalisation rates.

8. INVESTMENTS IN SUBSIDIARIES

This note provides information about the investments in subsidiaries which generate dividend income for the Company.

	Note	Company 2023 RM'000	Company 2022 RM'000
Unquoted shares in Malaysia	(d)	668,960	618,990

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Recognition, measurement and significant judgement

Subsidiaries are all entities, over which the Group has control as described in Note 2(c). Investments in subsidiaries are recognised upon the power to control entities is established. Investments in subsidiaries are stated at cost, measured at the fair value of the consideration paid, and subsequently carried at cost less accumulated impairment losses, if any.

The Company reviews the investments in subsidiaries measured at cost for impairment when there is an indication of impairment in each reporting period. The recoverable amount is assessed by reference to value-in-use or its fair value less the cost to sell of underlying assets of the subsidiary. If estimated using the value-in-use, is to be based on reasonable and supportable assumptions that represent the Company's best estimate of the range of future economic conditions. For value-in-use calculations, the future cash flows are to be estimated for an asset in its current condition, so the Company will need to exclude any estimated cash flows expected to arise from enhancing the asset's performance.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on investments in subsidiaries are discussed in Note 41(b)(v).

(b) Changes in Group's composition for the year ended 31 December 2023

(i) Newly incorporated subsidiaries

(1) On 8 March 2023, the Company incorporated a wholly-owned subsidiary, Harta Harmoni Sdn. Bhd. ("HHSB") with an issued and paid-up capital of RM1 comprising one (1) ordinary share. The principal activity of HHSB is property development.

On 27 December 2023, the Company subscribed for 9,999 new ordinary shares in HHSB for cash of RM9,999. Accordingly, the issued and paid-up ordinary share capital of this company increased from RM1 to RM10,000. Upon completion of the shares subscription, the Company's equity interest in HHSB remained at 100%.

(2) On 27 April 2023, the Company incorporated a wholly-owned subsidiary, Astana Harmoni Sdn. Bhd. ("AHSB") with an issued and paid-up capital of RM1 comprising one (1) ordinary share. The principal activity of AHSB is property development.

On 18 December 2023, the Company subscribed for 9,999 new ordinary shares in AHSB for cash of RM9,999. Accordingly, the issued and paid-up ordinary share capital of this company increased from RM1 to RM10,000. Upon completion of the shares subscription, the Company's equity interest in AHSB remained at 100%.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Changes in Group's composition for the year ended 31 December 2023 (Cont'd)

(ii) Subscription of shares in subsidiaries

(1) On 23 February 2023, the Company subscribed for 2,300,000 new ordinary shares in OSK Properties (Seremban) Sdn. Bhd. ("OSKP (S)") for cash of RM2,300,000. Accordingly, the issued and paid-up ordinary share capital of this company increased from RM50,000 to RM2,350,000. The principal activity of OSKP (S) is property development. Upon completion of shares subscription, the Company's equity interest in OSKP (S) remained at 100%.

(2) On 21 March 2023, 18 July 2023 and 2 October 2023, the Company subscribed for 10,000,000, 20,000,000 and 20,000,000 new ordinary shares respectively in Potensi Rajawali Sdn. Bhd. ("PR") for a total cash of RM50,000,000. Accordingly, the issued and paid-up ordinary share capital of this company increased from RM60,850,000 to RM110,850,000. The principal activity of PR is property development. Upon completion of the shares subscriptions, the Company's equity interest in PR remained at 100%.

(c) Changes in Group's composition for the year ended 31 December 2022

(i) Change of company name in L26 Tower Sdn. Bhd. ("L26 Tower")

On 14 January 2022, L26 Tower, a wholly-owned subsidiary of the Company changed its name to Mori Park Sdn. Bhd..

(ii) Incorporation of OSK Amanjaya Sdn. Bhd. ("OSK AJ")

On 13 July 2022, the Company incorporated a wholly-owned subsidiary, OSK AJ, with an issued and paid-up capital of RM1 comprising one (1) ordinary share. The principal activity of OSK AJ is property development.

On 5 December 2022, the Company subscribed 999,999 new ordinary shares at RM1 each in OSK AJ. Accordingly, the issued and paid-up ordinary share capital of this company increased from RM1 to RM1,000,000. Upon completion of the shares subscription, the Company's equity interest in OSK AJ remained at 100%.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Changes in Group's composition for the year ended 31 December 2022 (Cont'd)

(iii) Subscription of shares PR

On 12 September 2022, the Company subscribed for 20,000,000 new ordinary shares at RM1 each in PR. Accordingly, the issued and paid-up ordinary share capital of this company increased from RM40,850,000 to RM60,850,000. Upon the completion of the shares subscription, the Company's equity interest in PR remained at 100%.

(d) Other information

Movement of investments in subsidiaries

		Company	
	Note	2023	2022
Unquoted shares in Malaysia		RM'000	RM'000
Cost			
At the beginning of the year		620,808	599,808
Subscription of shares in subsidiaries	(b)(i)(1),(2), (b)(ii)(1),(2),(c)(ii),(iii)	52,320	21,000
At the end of the year		673,128	620,808
Accumulated impairment losses			
At the beginning of the year		(1,818)	(1,818)
Made during the year	29	(2,350)	-
At the end of the year		(4,168)	(1,818)
		668,960	618,990

Impairment loss on the cost of investment in a subsidiary amounting to RM2.4 million (2022: Nil) have been recognised due to its recoverable amount being lower than its carrying amount.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Subsidiaries with non-controlling interests

Subsidiaries that have non-controlling interests to the Group are set out below:

	Country Wheels Sdn. Bhd. ("CW") RM'000	Semponia Sdn. Bhd. ("Semponia") RM'000	Rimulia Sdn. Bhd. ("Rimulia") RM'000	Total RM'000
2023				
Proportion of ownership interest held by non-controlling interests	49%	49%	45%	
Accumulated non-controlling interests	16,085	13,608	555	30,248
Profit attributable to non-controlling interests	755	328	11	1,094
Dividend paid to non-controlling interests of CW/Semponia/Rimulia	-	-	-	-
2022				
Proportion of ownership interest held by non-controlling interests	49%	49%	45%	
Accumulated non-controlling interests	15,330	13,280	544	29,154
Profit attributable to non-controlling interests	510	247	2	759
Dividend paid to non-controlling interests of CW/Semponia/Rimulia	-	-	-	-

The above information is presented based on the financial statements of subsidiaries before accounting for (i) fair value adjustments upon the entities being acquired; and (ii) elimination of inter-company transactions.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Subsidiaries with non-controlling interests (Cont'd)

Summarised financial information of the material subsidiaries which have non-controlling interests in the Group are set out below:

	2023		2022	
Aggregated assets and liabilities (100%)	CW RM'000	Semponia RM'000	CW RM'000	Semponia RM'000
Current assets	82,609	40,067	80,879	39,512
Non-current assets	2,194	2,194	2,098	2,098
Total assets	84,803	42,261	82,977	41,610
Current Liabilities/Total liabilities	(51,977)	(14,490)	(51,692)	(14,507)
Net assets	32,826	27,771	31,285	27,103
Aggregated results (100%)				
Profit attributable to:				
- owners of CW/Semponia	786	341	531	256
- non-controlling interests of CW/Semponia	755	328	510	247
	1,541	669	1,041	503
Total comprehensive income	1,541	669	1,041	503
Aggregated cash flows (100%)				
Net cash from/(used in):				
- operating activities	1,678	83	(2,048)	3
- investing activities	(37)	-	(19)	(17)
Net increase/(decrease) in cash and cash equivalents	1,641	83	(2,067)	(14)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(f) List of subsidiaries

Listed below are the subsidiaries with their principal activities. The principal place of business of the subsidiaries are in Malaysia and incorporated in Malaysia.

Name of companies	Principal activities	Effective proportion of ownership interest 2023 %	2022 %
Aspect Dynamic Sdn. Bhd.	Property development	100	100
Aspect Potential Sdn. Bhd.	Property development	100	100
Aspect Synergy Sdn. Bhd.	Property development	100	100
Aspect Vision Sdn. Bhd.	Property development	100	100
Astana Harmoni Sdn. Bhd.	Property development	100 (b)(i)(2)	-
Atria Damansara Sdn. Bhd.	Property investment and development	100	100
Atria Parking Management Sdn. Bhd.	Car park management and operations	100	100
Atria Shopping Gallery Sdn. Bhd.	Mall management and operations	100	100
Country Wheels Sdn. Bhd.	Property development	51	51
Harta Harmoni Sdn. Bhd.	Property development	100 (b)(i)(1)	-
Jelang Vista Sdn. Bhd.	Property development	100	100
Mori Park Sdn. Bhd.	Property development	100	100 (c)(i)
OSK Amanjaya Sdn. Bhd.	Property development	100	100 (c)(ii)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(f) List of subsidiaries (Cont'd)

Listed below are the subsidiaries with their principal activities. The principal place of business of the subsidiaries are in Malaysia and incorporated in Malaysia. (Cont'd)

Name of companies	Principal activities	Effective proportion of ownership interest 2023 %	2022 %
OSK Properties Sdn. Bhd.	Property development, investment and sale of oil palm fresh fruit bunches	100	100
OSK Properties Management Sdn. Bhd.	Property management	100	100
OSK Properties (Seremban) Sdn. Bhd.	Property development	100 (b)(ii)(1)	100
OSKP Facilities Management Sdn. Bhd.	Property management	100	100
Perspektif Vista Sdn. Bhd.	Property development	100	100
Pine Avenue Sdn. Bhd.	Property development	100	100
Potensi Rajawali Sdn. Bhd.	Property development	100 (b)(ii)(2)	100 (c)(iii)
Ribuan Ekuiti Sdn. Bhd.	Property development	100	100
Rimulia Sdn. Bhd.	Property development	55	55
Semponia Sdn. Bhd.	Property development	51	51
Warisan Rajawali Sdn. Bhd.	Property development	100	100
Wawasan Rajawali Sdn. Bhd.	Property development	100	100

The financial statements of all subsidiaries used in consolidation are prepared as of 31 December.

9. INTANGIBLE ASSETS

This note provides information about the software licences and club membership that are classified as intangible assets.

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Software licences	(b)	56	78	-	-
Club membership		350	350	350	350
		406	428	350	350

(a) Recognition, measurement and significant judgement

Intangible assets are recognised in the statement of financial position when it is probable that future economic benefits will flow to the Group and the Company. Intangible assets (software licences and club membership) acquired separately are measured on initial recognition at cost, being the fair value of consideration paid, and subsequently stated at cost less accumulated amortisation and accumulated impairment loss, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. Maintenance costs of software licences are amortised on a straight-line basis over their estimated useful life of 6 to 7 years. Amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. The estimated useful life represents the common life expectancy applied in the industry within which the Group and the Company operate in. Residual value, useful life and amortisation for an intangible asset with a finite useful life are reviewed at least annually to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

Club membership is not amortised, but is tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

9. INTANGIBLE ASSETS (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on intangible assets are discussed in Notes 41(b)(iv) and 41(b)(v).

(b) Software licences

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost					
At the beginning of the year		1,380	1,374	9	9
Additions	3(a)	15	6	-	-
At the end of the year		1,395	1,380	9	9
Accumulated amortisation					
At the beginning of the year		(1,302)	(1,250)	(9)	(9)
Amortisation		(37)	(52)	-	-
At the end of the year		(1,339)	(1,302)	(9)	(9)
Net carrying amount		56	78	-	-
Recognised in profit or loss and classified under:					
Amortisation of software licences:					
- Administrative expenses	28	37	52	-	-
		37	52	-	-

10. RIGHT-OF-USE ASSET/(LEASE LIABILITY)

This note provides information about lease where the Group is a lessee and this lease contract includes space for a sales gallery based on business requirements. The lease contract is typically made for a fixed period. The lease where the Group is a lessor is disclosed under lease receivables and operating lease commitments in Notes 13 and 35(a) respectively.

		Group	
	Note	2023 RM'000	2022 RM'000
Right-of-use asset			
Lease of premise	(b)	212	71
Lease liability			
Non-current		81	-
Current		134	74
	(c)	215	74

(a) Recognition, measurement and significant judgement

Leases are recognised in the statement of financial position as right-of-use asset together with a corresponding lease liability at the date on which the leased asset is available for use ("the lease commencement date") by the Group.

Lease contracts contain both lease and non-lease components. The consideration is allocated in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate, the Group has elected the practical expedient provided in MFRS 16 'Leases' not to separate lease and non-lease components and instead account for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

In determining the lease term, it is required to consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated). The lease terms are being assessed upon the occurrence of a significant event or change in circumstances that are within the control of the Group and affect whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in the lease term results in the remeasurement of the lease liabilities.

10. RIGHT-OF-USE ASSET/(LEASE LIABILITY) (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

The Group adopts the "short-term leases" and "lease of low-value assets" exemptions. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are office equipment with a value of RM20,000 and below.

(i) Right-of-use asset

Right-of-use asset is recognised in the statement of financial position when it is probable that future economic benefits will flow to the Group. This asset is initially measured at cost at the lease commencement date which comprises the initial measurement of the lease liability, any advance lease payments made, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset to the condition required.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis to write off the cost of each asset from the commencement date to the earlier of the estimated useful life or the end of the lease term. The estimated useful life is described in Note 6(a) and the lease term is as follows:

	Years	Percentage (%)
Lease of premise	2	50

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on right-of-use asset is discussed in Notes 41(b)(iv) and 41(b)(v).

As at 31 December 2023, the recoverable amount of right-of-use asset was higher than its carrying amount and therefore no impairment loss was required.

Similar to Note 6(a) relating to property, plant and equipment, the gain or loss arising from the derecognition of an item of right-of-use shall be included in the statement of profit or loss when the item is derecognised (unless MFRS 16 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.

10. RIGHT-OF-USE ASSET/(LEASE LIABILITY) (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(ii) Lease liability

Lease liability is financial liability which is classified as amortised cost liability. Lease liability is recognised in the statement of financial position when the financial obligation of the lease contract arises. Lease liability is initially measured at fair value representing the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The Group's incremental borrowing rates will be used if that rate cannot be readily determined.

The lease payments included in the measurement of the lease liability comprise the following, if applicable:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the option is reasonably certain to be exercised; and
- penalty for early termination.

Subsequent to the initial recognition, lease liability is measured at amortised cost as described in Note 19(a)(ii).

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is presented as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

The carrying amount of lease liability is remeasured and adjusted against the right-of-use asset if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

10. RIGHT-OF-USE ASSET/(LEASE LIABILITY) (CONT'D)

(b) Movement of right-of-use asset

Lease of premise

	Note	Group 2023 RM'000	Group 2022 RM'000
Cost			
At the beginning of the year		317	317
Additions		269	-
Reassessments and modifications of leases		(317)	-
At the end of the year		269	317
Accumulated depreciation			
At the beginning of the year		246	123
Charge for the year	28	128	123
Reassessments and modifications of leases		(317)	-
At the end of the year		57	246
Net carrying amount		212	71
Recognised in profit or loss and classified under:			
Depreciation of right-of-use asset			
- Administrative expenses	28	128	123

(c) Movement of lease liability

	Note	Group 2023 RM'000	Group 2022 RM'000
At the beginning of the year		74	198
Additions		269	-
Interest charged	30	6	5
Payment of:			
- principal		(128)	(124)
- interest		(6)	(5)
	19(e)(iii)	(134)	(129)
At the end of the year		215	74
Recognised in profit or loss and classified under:			
Interest expense on lease liability			
- Finance cost	30	6	5

10. RIGHT-OF-USE ASSET/(LEASE LIABILITY) (CONT'D)

(d) Other information

		Group	
		2023	**2022**
		RM'000	**RM'000**
(i) Recognised in profit or loss and classified under:			
Rental expenses for short-term leases			
- Administrative expenses	28	72	103

(ii) The liquidity risk of the lease liability is disclosed in Note 5(a).

(iii) The weighted average incremental borrowing rates of the lease liability of the Group ranging from 3.37% to 4.77% (2022: 3.37%).

11. INVENTORIES

This note provides information about the inventories held by the Group which consist of land bank, stocks for ongoing and completed projects under the Property Development Division.

		Group	
	Note	**2023**	**2022**
		RM'000	**RM'000**
Non-current			
Land held for property development	(b)(i)	1,319,033	1,244,089
Current			
Property development expenditure	(b)(ii)	256,067	234,496
Completed properties held for sale	(b)(iii)	2,292	3,538
Total current		258,359	238,034
Total		1,577,392	1,482,123

11. INVENTORIES (CONT'D)

(a) Recognition, measurement and significant judgement

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is recognised in the statement of financial position when expenditure is incurred and is measured 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 reclassified as property development expenditure at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development expenditure

Property development expenditures incurred and not recognised in the statement of profit or loss as an expense are recognised as an asset measured at the lower of cost and net realisable value.

Property development expenditure comprises all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. Such development expenditure comprises the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

11. INVENTORIES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(ii) Property development expenditure (Cont'd)

Property development revenue and costs as disclosed in Notes 25 and 26 respectively are recognised in the statement of profit or loss by reference to the progress towards complete satisfaction of that performance obligation at the reporting period, generally known as the percentage of completion method. It is measured based on direct measurements of the value transferred to the purchasers and the inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets; and the extent of the costs incurred.

Substantial changes in cost estimates can have a significant effect on profitability in future periods. In making the above judgement, it relies on experience and work of specialists.

(iii) Completed properties held for sale

Completed properties held for sale are recognised in the statement of financial position when such properties are completed with certificates of completion and compliance. It is measured at the lower of cost and net realisable value.

Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties until completion. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value will be based on the most reliable evidence available of the amount which the inventories are expected to realise.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on inventories are discussed in Note 41(b)(ii).

11. INVENTORIES (CONT'D)

(b) Other information

(i) Land held for property development

	Note	Group 2023 RM'000	Group 2022 RM'000
Freehold land			
At the beginning of the year		962,986	1,004,438
Costs incurred		23,034	3,448
Purchase of lands		30,997	19,893
Reclassified to:			
- property development expenditure	(b)(ii)	(41,155)	(64,793)
- investment properties	7(b)(i)	(51)	-
At the end of the year		975,811	962,986
Development expenditure			
At the beginning of the year		281,103	246,246
Costs incurred		134,104	91,522
Reclassified to:			
- property development expenditure	(b)(ii)	(71,551)	(56,665)
- investment properties	7(b)(i)	(434)	-
At the end of the year		343,222	281,103
Total non-current		1,319,033	1,244,089

As disclosed in Note 30, interest of RM35.3 million (2022: RM29.3 million) was capitalised during the year which was calculated based on interest rates ranging from 2.47% to 5.03% (2022: 1.55% to 4.59%).

The land held for property development with a total carrying amount of RM662.3 million (2022: RM591.6 million) are pledged as security to secure medium-term notes and Sukuk issued by a related company and term borrowings of the subsidiary as disclosed in Notes 17(a)(ii) and 19(c) respectively.

11. INVENTORIES (CONT'D)

(b) Other information (Cont'd)

(ii) Property development expenditure

	Note	Group 2023 RM'000	Group 2022 RM'000
<u>Freehold land</u>			
At the beginning of the year		271,360	227,346
Costs incurred		726	-
Reclassified from land held for property development	(b)(i)	41,155	64,793
Reclassified to completed properties held for sale		(24)	(86)
Reversal of development expenditure for completed projects		(24,847)	(20,693)
At the end of the year		288,370	271,360
<u>Development expenditure</u>			
At the beginning of the year		467,142	422,175
Costs incurred		448,984	275,958
Reclassified from land held for property development	(b)(i)	71,551	56,665
Reclassified to completed properties held for sale		(978)	(1,053)
Reversal of development expenditure for completed projects		(341,001)	(286,603)
At the end of the year		645,698	467,142
Total property development expenditure incurred		934,068	738,502
<u>Costs recognised in profit or loss</u>			
At the beginning of the year		(504,006)	(439,348)
Recognised in profit or loss		(539,843)	(371,954)
Reversal of costs arising from completed projects		365,848	307,296
At the end of the year		(678,001)	(504,006)
Net carrying amount of property development expenditure		256,067	234,496

11. INVENTORIES (CONT'D)

(b) Other information (Cont'd)

(ii) Property development expenditure (Cont'd)

As disclosed in Note 30, interest of RM5.3 million (2022: RM4.7 million) was capitalised during the year which was calculated based on interest rates ranging from 2.47% to 5.03% (2022: 1.55% to 4.59%).

The following carrying amounts of property development expenditure that are pledged as security to secure:

	Note	Group 2023 RM'000	Group 2022 RM'000
Advances granted by a related company	17(a)(ii)	116,916	118,654
Term loans	19(c)	67,353	51,427
		184,269	170,081

(iii) Completed properties held for sale

	Group 2023 RM'000	Group 2022 RM'000
At cost	2,292	3,538

12. DEFERRED TAX ASSETS/(LIABILITIES)

This note provides information on the recognition of deferred tax assets and liabilities accounted.

		Group	
	Note	**2023 RM'000**	**2022 RM'000**
Deferred tax assets ("DTA")	(b)(i)	69,007	51,152
Deferred tax liabilities ("DTL")	(b)(ii)	(8,142)	(11,394)

(a) Recognition and measurement

Deferred tax is accounted for using the liability method on temporary differences at the reporting period between the tax-based value and carrying amount. Deferred tax is not accounted for if it arises from the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax is determined using tax rate (and tax laws) that have been enacted or substantively enacted by the end of the year and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised in the statement of financial position to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that could be recognised based on the likely timing and extent of future taxable profits together with future tax planning.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets and liabilities and when those income taxes are levied by the same tax authority on the same taxable company.

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(b) The components and movements of deferred tax assets and liabilities:

(i) Deferred tax assets	As at 1.1.2022 RM'000	Deferred tax recognised in profit or loss for 2022 (Note 31) RM'000	As at 31.12.2022 /1.1.2023 RM'000	Deferred tax recognised in profit or loss for 2023 (Note 31) RM'000	As at 31.12.2023 RM'000
Group					
Excess of depreciation over capital allowances	62	(62)	-	8	8
Interest capitalised in inventories	-	1,660	1,660	(887)	773
Unused tax losses and unabsorbed capital allowances	2	4,536	4,538	(169)	4,369
Provisions	30,546	14,940	45,486	18,842	64,328
Total deferred tax assets	30,610	21,074	51,684	17,794	69,478
Offset in DTL [Note b(ii)]	(553)	21	(532)	61	(471)
Net deferred tax assets	30,057	21,095	51,152	17,855	69,007

(ii) Deferred tax liabilities

Group					
Excess of capital allowances over depreciation	(659)	23	(636)	61	(575)
Fair value on inventories	(13,464)	2,174	(11,290)	3,252	(8,038)
Total deferred tax liabilities	(14,123)	2,197	(11,926)	3,313	(8,613)
Offset in DTA [Note b(i)]	553	(21)	532	(61)	471
Net deferred tax liabilities	(13,570)	2,176	(11,394)	3,252	(8,142)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(c) Other information

The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Deductible temporary differences	71,199	72,992
Taxable temporary differences	(101,356)	(103,538)
Unused tax losses	69,659	62,691
Unutilised capital allowances	140,175	143,991
	179,677	176,136

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised. The amount and the availability of these items to be carried forward are subject to the agreement of the relevant tax authorities.

The unused tax losses analysed by expiry year of assessment:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Year of assessment 2028	13,357	14,377
Year of assessment 2029	7,684	7,684
Year of assessment 2030	14,645	15,022
Year of assessment 2031	2,688	2,688
Year of assessment 2032	22,215	22,920
Year of assessment 2033	9,070	-
	69,659	62,691

In Malaysia, effective from 1 January 2022, any unused tax losses shall be deductible for a maximum period of ten consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of the period of ten years of assessment shall be disregarded.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on income taxes are discussed in Note 41(b)(iii).

13. TRADE RECEIVABLES

This note provides information about the outstanding balances of the trade receivables and the related impairment assessment.

	Note	Group 2023 RM'000	Group 2022 RM'000
Non-current			
Property progress billings receivables		10,853	8,130
Current			
Lease receivables		9,098	9,180
Property progress billings receivables		79,305	106,913
		88,403	116,093
Allowances for impairment losses:			
- Collective assessment	(b)(i)	(311)	(791)
- Individual assessment	(b)(i)	(6,871)	(7,451)
Total current		81,221	107,851
Total		92,074	115,981

(a) Recognition, measurement and significant judgement

The Group's business mainly involves developing and selling properties, leasing commercial space, and holdings investment. The related revenue recognition is disclosed in Note 25.

Trade receivables are financial assets with fixed or determinable collections (repayments) by receivables and are classified as amortised cost assets. These trade receivables are recognised in the statement of financial position upon issuance of billing to customers. Trade receivables are recognised initially at their fair value of goods and services provided based on invoice amounts. They are subsequently measured at amortised cost as described in Note (a)(v) below. Revenue (Note 25), allowance for impairment losses (Note 29) and any gain or loss arising from derecognition of trade receivables are recognised in the statement of profit or loss.

(i) Credit risk management practices

Assessment is carried out to determine whether the credit risk of a customer has increased significantly since initial recognition via observation of certain criteria including ageing of days past due, collateral values where applicable and latest customer financial standing and compare the risk of a default occurring in the portfolio as at the end of the year with the risk of a default occurring in the portfolio as at the date when such customer was initially recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort.

13. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(i) Credit risk management practices (Cont'd)

In relation to the rebuttable presumption, the credit risk on a financial asset has increased significantly since initial recognition in each of their businesses when contractual payments are more than 30 days past due. The clients' repayment behaviour is reviewed and compared it with the industry's normal credit period and supply chain cycle and determined that payments take longer than 30 days.

Receivable is considered as default when such a customer did not perform its obligation to make payment within the period granted.

The expected credit loss is recognised from the date of initial recognition of a receivable using a single-stage lifetime expected credit loss. This is the 'simplified approach' under MFRS 9. In this approach, no requirement to monitor changes in the credit risk of financial assets as described in the 'general approach' in Note 14(b). The simplified approach is mandatory for trade receivables or contract assets resulting from transactions that fall within the scope of MFRS 15 'Revenue from Contracts with Customers' and do not contain a significant financing component. This simplified approach may also apply to trade receivables or contract assets with a significant financing component under MFRS 15; and lease receivables accounted for under MFRS 16, when the accounting policy measures the loss allowance at an amount equal to lifetime expected credit losses. Receivables are assessed individually for impairment loss at each reporting period end.

Assessment is carried out on expected credit losses on a collective basis of receivables, that are not being impaired individually, and such receivables are grouped on the following factors for monitoring:

- Business activities: Property Development, Property Investment and Management businesses are each assessed in separate groups;
- Products or services: different types of products or services are each assessed in separate groups;
- Receivables ageing status;
- Nature, size and industry of receivables;
- Collaterals provided by the receivables; and
- External/Internal credit ratings where applicable.

Trade receivables are credit-impaired when one or more events have a detrimental impact on the future cash flows of the receivable that can be reliably estimated. Receivable is written off from its books only when all avenues of recovery have been exhausted and there is no recoverable expectation of such receivable in the foreseeable future. For the receivables that are written off, the Group's internal legal unit will follow up on enforcement activities.

13. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(i) Credit risk management practices (Cont'd)

To determine that there is objective evidence of credit-impaired trade receivables, the following inputs and assumptions are being used to assess whether there has been a significant increase in credit risk since initial recognition:

- Significant financial difficulty of the customer;
- A breach of contract, such as a default of payment; or
- Observation of current and forward-looking data indicating that there is a measurable decrease in the estimated future cash flows from the customer since initial recognition, including:
  (i) adverse changes in the payment status of the customer; and
  (ii) national or local economic conditions that correlate with the customer.

Reviews are carried out on expected credit losses at each reporting period to assess the reasonableness of the assumptions in relation to the risk of default and expected loss rates. In assessing the impairment of a receivable, the assumption of the possibility of default is adopted based on historical behaviour including the past five years' monthly data of each customer from the end of the reporting date. In addition, business units observe current market conditions concerning to each customer's exposure and related collateral risk exposure.

For incorporating forward-looking information into the determination of expected credit losses, general macroeconomics is used such as projected gross domestic product ("GDP"), lending interest rate, housing price index, unemployment rate and inflation rate as a broad guidance of credit and applies experienced credit judgement. In addition, observation of the industry-specific factors is carried out in determining expected credit loss such as information about collateral nature, property market and its marketability etc.

Based on the historical data and the forward-looking information stated above, business units use the probability of default and loss given default methodology to assess lifetime expected credit loss.

There were no significant changes in the estimation techniques or assumptions made during the year.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the revevant requirements on trade receivables are discussed in Note 41(b)(viii).

13. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(ii) Quantitative and qualitative information about amounts arising from expected credit losses

Gross carrying amount being allocated for impairment

	Group			
	2023		2022	
	Collectively assessed RM'000	Individually assessed RM'000	Collectively assessed RM'000	Individually assessed RM'000
At the beginning of the year	116,772	7,451	65,479	7,230
Originate	703,308	292	478,164	509
Derecognise	(727,695)	(872)	(426,871)	(288)
At the end of the year	92,385	6,871	116,772	7,451

There were no modifications of contractual cash flows on trade receivables during the year.

No contractual amounts were written off during the year which are still subject to enforcement activities.

(iii) Credit risk exposure

The Group assesses the credit quality of trade receivables using the ageing of past due days for the lifetime impairment of the trade receivables as follows:

Group

	Expected loss rate %	Gross carrying amount/ Maximum exposure RM'000	Collateral value held RM'000	Expected loss provision RM'000
2023				
Current	0.1	82,941	330	78
Past due:				
1 to 30 days	0.5	4,220	198	22
31 to 90 days	17.4	834	278	145
More than 90 days	61.6	11,261	1,671	6,937
		99,256	2,477	7,182

13. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(iii) Credit risk exposure (Cont'd)

The Group assesses the credit quality of trade receivables using the ageing of past due days for the lifetime impairment of the trade receivables as follows: (Cont'd)

Group (Cont'd)

	Expected loss rate %	Gross carrying amount/ Maximum exposure RM'000	Collateral value held RM'000	Expected loss provision RM'000
2022				
Current	0.2	70,492	232	140
Past due:				
1 to 30 days	0.2	10,508	107	17
31 to 90 days	0.1	10,356	66	10
More than 90 days	24.6	32,867	1,959	8,075
		124,223	2,364	8,242

(iv) Significant estimates and judgements

Impairment allowances for trade receivables are based on assumptions about the risk of default and expected credit loss rates. Significant judgement is used in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data and the existing market conditions including forward-looking estimates at the end of the reporting period.

13. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(v) Financial assets measured at amortised cost and effective interest method

The amortised cost of a financial asset is the amount that measured at initial recognition and adjusted for subsequent recognition of interest income using the effective interest method of any difference between that initial amount and the maturity amount, minus repayments and any impairment/credit losses.

Effective interest rate is the rate that discounts estimated future cash inflows through the expected life of the financial asset to the gross carrying amount of a financial asset. The gross carrying amount is the amortised cost of a financial asset before adjusting for any loss allowance. The effective interest method is the method that is used in the calculation of the amortised cost of a financial asset and in the allocation and recognition of the interest income in the statement of profit or loss over the relevant period.

Therefore, the carrying amount of the financial asset is a reasonable approximate of its fair value.

The above amortised costs measurement is also adopted in other assets excluding prepayments, amounts due from subsidiaries, amounts due from related companies and cash and bank balances, as disclosed in Notes 14(a), 16(a) 17(a) and 18(a), respectively.

(b) Other information

(i) Movement of allowances for impairment losses:

		Group	
	Note	**2023**	**2022**
		RM'000	**RM'000**
Collective assessment			
At the beginning of the year		791	2,490
Write back of allowance	27	(480)	(1,699)
At the end of the year		311	791
Individual assessment			
At the beginning of the year		7,451	7,230
Allowance made	29	292	509
Write back of allowance	27	(872)	(288)
At the end of the year		6,871	7,451
Total collective and individual impairment losses		7,182	8,242

There was no significant concentration of credit risks at the end of the year.

(ii) Trade receivables are non-interest bearing unless overdue and generally on terms of 7 to 90 days (2022: 7 to 90 days).

14. OTHER ASSETS

This note provides information on other receivables, deposits paid and prepayment of expenses.

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Deposits		1,750	1,758	-	-
Current					
Other receivables		3,049	3,351	30	164
Deposits		14,927	16,503	4	4
Allowance for impairment	(c)(i)	(1,687)	(1,573)	-	-
		16,289	18,281	34	168
Prepayments		648	943	2	-
Total current		16,937	19,224	36	168
Total		18,687	20,982	36	168

(a) Recognition, measurement and significant judgement

Other assets excluding prepayments are financial assets with fixed or determinable payments and are classified as amortised cost assets. Other assets are recognised in the statement of financial position when goods and/or services are provided to the Group. Such goods and/or services are measured initially at fair value equivalent to the transaction amounts. Subsequent to the initial recognition, such assets are measured at amortised cost as described in Note 13(a)(v). Gains or losses including impairment are recognised in the statement of profit or loss.

The 'general approach' under MFRS 9 as described in Note (b) below is adopted to provide for the expected credit loss of the above receivables.

The Group assesses whether the credit risk of a receivable has increased significantly since initial recognition via observation of certain criteria including ageing of 90 days past due, nature of the transaction and compares the risk of a default occurring on the receivable as at the end of the year with the risk of a default occurring on the receivable as at the date when such receivable is initially recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort.

14. OTHER ASSETS (CONT'D)

(b) Impairment assessment - 'General Approach' under MFRS 9

The 'general approach' under MFRS 9 uses the forward-looking expected credit loss model which includes a three-stage impairment model based on changes in credit quality since initial recognition. Assets move through the three stages as quality changes and the stages dictate how to measure impairment losses at each reporting date. Impairment losses will be reversed if the credit quality improves. In respect of the receivables where credit risk has not increased significantly since the initial recognition of the financial assets, the 12-month expected credit losses are recognised. Otherwise, lifetime expected credit losses are recognised. For credit-impaired receivables, lifetime expected credit losses are recognised on a net basis.

In making this assessment, both quantitative and qualitative information that is reasonable and supportable have been considered, including historical experience and observable forward-looking information without undue cost or effort. The probability of default and loss given default methodology have been used to assess the expected credit loss and significant judgement is exercised in determining the probability of default of the receivables, appropriate forward-looking information and significant increase in credit risk since the inception of such receivable.

(c) Other information

(i) Movement of allowance for impairment losses:

		Group	
	Note	**2023 RM'000**	**2022 RM'000**
Individual assessment			
At the beginning of the year		1,573	1,435
Allowance made	29	195	294
Write back of allowance	27	(81)	(156)
At the end of the year		1,687	1,573

(ii) Other receivables were non-interest bearing and generally on terms of 30 to 90 days (2022: 30 to 90 days).

15. CONTRACT ASSETS

This note provides information about the contract assets that represent the Group's rights to consideration for goods sold and services rendered to the customers before recognition as trade receivables.

		Group	
	Note	**2023**	**2022**
		RM'000	**RM'000**
Contract assets arising from the excess of revenue recognised over progress billings to property purchasers	(b)(i)	211,838	155,689

Contract assets related to revenue earned but yet to be billed on the ongoing development projects.

(a) Recognition, measurement and significant judgement

A contract asset is a right to consideration, the fair values at initial recognition, in exchange for goods or services that the Group has transferred to a customer before the customer pays consideration or before payment is due.

Contract assets (accrued billings to be billed to purchasers) are recognised in the statement of financial position as the excess of cumulative revenue recognised over the progress billings to purchasers. Revenue is measured at the transaction price based on a contract with a purchaser/customer.

Contract assets will be reclassified to trade receivables when the rights to economic benefits become unconditional. This usually occurs when billings are issued to the purchaser/customer. For determining the transaction price of the contract, the Group assumed that the goods or services would be transferred to the purchaser/customer as promised following the existing contract and that the contract would not be amended, renewed or modified.

Contract assets are subject to impairment assessment under MFRS 9. The expected credit loss is recognised from the date of initial recognition of a contract asset using a single-stage lifetime expected credit loss, the 'simplified approach' as described under Note 13(a)(i). No expected credit loss is recognised arising from contract assets as it was negligible.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on contract assets are discussed in Note 41(b)(viii).

15. CONTRACT ASSETS (CONT'D)

(b) Other information

(i) Contract assets and liabilities in respect of property development activities:

	Note	Group 2023 RM'000	Group 2022 RM'000
At the beginning of the year		155,394	95,056
Net progress revenue recognised in profit or loss	25	726,609	516,440
Sale of completed properties recognised in profit or loss	25	9,393	2,294
Progress billings issued		(679,659)	(458,396)
At the end of the year		211,737	155,394
Carrying amount at the end of the year are analysed as follows:			
- Contract assets		211,838	155,689
- Contract liabilities	22	(101)	(295)
		211,737	155,394

(ii) Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the property development contracts that are fully or partially to be fulfilled (unsatisfied) and expected to be recognised as revenue in the future are as follows:

	Group 2023 RM'000	Group 2023 %	Group 2022 RM'000	Group 2022 %
Within 1 year	446,344	79%	562,729	69%
1 to 4 years	116,264	21%	251,901	31%
	562,608		814,630	

Contract assets and liabilities under property development activities contracts are denominated in RM. The above contract assets and liabilities are not impacted by any significant changes in the contract terms.

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

This note provides information relating to the advances made between the Company and its subsidiaries.

	Note	Company 2023 RM'000	Company 2022 RM'000
Non-current			
Amount due from a subsidiary	(a)(i)	25,957	74,105
		25,957	74,105
Current			
Amounts due from subsidiaries		50,978	752
Allowance for impairment loss	(a)(i)	(978)	(752)
Total current		50,000	-
Amount due to a subsidiary	(a)(ii)	(20,753)	(20,959)

(a) Recognition, measurement and significant judgement

(i) Amounts due from subsidiaries

Amounts due from subsidiaries are financial assets with fixed or determinable collections (repayments) and are classified as amortised cost assets. Amounts due from subsidiaries are recognised in the statement of financial position when the amounts are advanced to the subsidiaries. It is recognised initially at fair value based on amounts advanced and subsequently measured at amortised cost as described in Note 13(a)(v).

The Company adopts the 'general approach' under MFRS 9 in providing the expected credit loss. The 'general approach' is described in Note 14(b). The movement of allowance for impairment loss is as follows:

	Note	Company 2023 RM'000	Company 2022 RM'000
Individual assessment			
At the beginning of the year		752	474
Allowance made	29	226	278
At the end of the year		978	752

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(ii) Amount due to a subsidiary

Amount due to a subsidiary is a financial liability with fixed or determinable payments and is classified as amortised cost liability. Amount due to a subsidiary is recognised in the statement of financial position when the respective financial obligation arises and is recognised initially at the fair value of the advance received. After the initial recognition, such amount due to a subsidiary is measured at amortised cost as described in Note 19(a)(ii).

(b) Interest rates

Amounts due from/(to) subsidiaries are non-trade, unsecured and bear an interest rate of 2.47% (2022: 1.45% to 2.47%) per annum. At the end of the year, such amounts including interest therein are due and to be received/paid.

17. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amounts due from related companies					
Current					
Others		-	989	-	-
		-	989	-	-
Amounts due to related companies					
Current					
Advances from related companies	4	(1,258,588)	(1,164,242)	(59,600)	(58,250)
Trade		(19,038)	(13,125)	-	-
Others		(15)	(353)	-	-
Total current		(1,277,641)	(1,177,720)	(59,600)	(58,250)
Total	5(a)	(1,277,641)	(1,177,720)	(59,600)	(58,250)

17. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (CONT'D)

(a) Recognition, measurement and significant judgement

(i) Amounts due from related companies

Amounts due from related companies are financial assets with fixed or determinable collections/(repayments) and are classified as amortised cost assets. Amounts due from related companies are recognised in the statement of financial position when the amounts are advanced to the related companies. Amounts due from related companies are recognised initially at fair value based on amounts advanced and subsequently measured at amortised cost as described in Note 13(a)(v).

The Company adopts the 'general approach' under MFRS 9 in providing the expected credit loss. The 'general approach' is described in Note 14(b). Based on the assessment, the amounts due from related companies have low credit risk and it was negligible, hence no expected credit loss is recognised thereof.

(ii) Amounts due to related companies

Amounts due to related companies are financial liabilities with fixed or determinable payments and are classified as amortised cost liabilities. Amounts due to related companies are recognised in the statement of financial position when the respective financial obligation arises and are recognised initially at fair value of the advances received. After the initial recognition, such amounts due to related companies are measured at amortised cost as described in Note 19(a)(ii).

The advance from the related companies have been granted by pledging the following assets of the Group as security to secure medium-term notes ("MTNs") and Sukuk issued by the related companies for funding the Group's operations:

		Group	
	Note	**2023 RM'000**	**2022 RM'000**
Investment properties	7(b)(iv)	285,352	288,347
Inventories:			
- Land held for property development	11(b)(i)	440,195	384,642
- Property development expenditure	11(b)(ii)	116,916	118,654
Cash, bank balances and short-term funds	18(d)(i)	2,072	2,008
Total		844,535	793,651

17. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (CONT'D)

(b) Interest rates

Non-trade amounts due from/(due to) related companies are unsecured and interest-free except for advance to/(from) related companies which bear interest rates ranging from 4.58% to 4.85% (2022: 3.40% to 4.59%) per annum. At the end of the year, such amounts including interest therein are due and to be received/paid.

(c) Other information

(i) The advances from related companies represent financing provided to the Group for its operations including funding of land acquisition and progress work. These financing are governed under conventional agreements or Islamic arrangements.

(ii) The liquidity risk of the amounts due to related companies are disclosed in Note 5(a).

18. CASH, BANK BALANCES AND SHORT-TERM FUNDS

This note outlines the liquidity position.

Cash, bank balances and short-term funds comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of one year or less, that are held to meet short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Cash and bank balances		3,245	3,126	140	35
Deposits with licensed financial institutions		117,794	74,410	15,000	15,240
Short-term funds		57,786	71,660	4,186	3,248
		178,825	149,196	19,326	18,523
Housing development accounts		165,679	64,648	-	-
	4	344,504	213,844	19,326	18,523

18. CASH, BANK BALANCES AND SHORT-TERM FUNDS (CONT'D)

(a) Recognition and measurement

Cash and bank balances, deposits with licensed financial institutions and housing development accounts are financial assets with fixed and determinable sums that are classified as amortised cost assets. Such sums are recognised initially at fair value in the statement of financial position and subsequently measured at amortised cost as described in Note 13(a)(v).

Short-term funds are financial assets. Such short-term funds are recognised initially at fair value based on contracts entered in the statement of financial position. Subsequent to the initial recognition, such funds are measured at fair value through profit or loss.

(b) Cash and cash equivalents

For the purpose of the statements of cash flows, the cash and cash equivalents comprise cash on hand and at banks, deposits with licensed financial institutions and short-term funds with short-term maturities and highly liquid investments which have an insignificant risk of changes in value net of bank overdrafts, if any. Statements of cash flows are prepared using an indirect method and changes in cash and cash equivalents are classified into operating, investing and financing activities.

Bank accounts held under housing development accounts, forming part of bank balances, are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia. The utilisation of this balance is restricted to property development activities under the said section.

(c) Interest rates

The interest rates at the end of the year of:

(i) bank balances under housing development accounts ranging from 1.35% to 2.50% (2022: 0.45% to 1.45%) per annum.

(ii) bank balances under current accounts ranging from 0.95% to 2.90% (2022: 1.00% to 2.25%) per annum.

(d) Bank balances and short-term funds pledged as security

(i) Included in the cash, bank balances and short-term funds with a total amount of RM2.1 million (2022: RM2.0 million) are pledged as security to secure MTNs and Sukuk issued by a related company in Note 17(a)(ii) for the purpose of land acquisition and working capital.

(ii) Deposits with licensed financial institutions amounting to RM15.0 million (2022: RM15.0 million) of the Group and the Company have been pledged to licensed financial institutions for credit facilities granted to the treasury management centre.

18. CASH, BANK BALANCES AND SHORT-TERM FUNDS (CONT'D)

(e) Fair value measurement

Pursuant to MFRS 13 'Fair Value Measurement', fair value hierarchy has been established and is categorised into three levels of inputs for valuation techniques which are used to measure fair value.

The carrying amount of the assets can be categorised into the fair value hierarchy as follows:

(i) Level 1, using unadjusted active market price of identified assets.

(ii) Level 2, valuation techniques which all inputs that have a significant effect on the recorded fair values are observable for the asset, using the market approach (comparison method) which uses observable inputs (including prices and other relevant information generated by market transactions involving identical or comparable/similar assets).

(iii) Level 3, valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data for the asset, using investment, residual, income capitalisation, cost and comparison methods based on inputs which are not observable market data.

Market participants' views of potential climate-related matters, including legislation, may affect the fair value measurement of assets in the financial statements. Unobservable inputs used in fair value measurements reflect the assumptions that market participants would use, including assumptions about climate-related risk, where applicable.

The fair value measurement of the short-term funds is categorised within Level 1 of the fair value hierarchy, using unadjusted active market price of the identified assets.

(f) Other information

As the 31 December 2023, the Group had available RM24.0 million (2022: RM24.0 million) of undrawn committed borrowing facilities that may be available for future operating activities and to settle capital commitments. As the 31 December 2023, the deposits with the licensed financial institutions will be matured within 365 days (2022: 365 days).

Short-term funds aim to invest in highly liquid instruments which are investing its assets in Ringgit Malaysia deposits with licensed financial institutions in Malaysia and are redeemable with one to five day's notice. These funds are subject to an insignificant risk of changes in value and form part of cash and cash equivalents. Funds distribution income is calculated daily and distributed every month. No expected credit loss is recognised arising from the bank balances as the probability of default by these licensed financial institutions was negligible.

19. BORROWINGS

This note outlines details of the borrowings utilised to fund the business operations.

	Note	Group 2023 RM'000	Group 2022 RM'000
Non-current			
Secured			
Term loans		25,521	25,673
Total non-current		25,521	25,673
Current			
Secured			
Revolving credits		30,000	30,000
Total current		30,000	30,000
Total	4	55,521	55,673

The carrying amount analysed by maturity:

	2023 RM'000	2022 RM'000
On demand or within 1 year	30,000	30,000
More than 2 years but less than 5 years	25,521	19,509
More than 5 years	-	6,164
	55,521	55,673

(a) Recognition and measurement

(i) Borrowings

Borrowings are financial liabilities which are classified as amortised cost liabilities.

Borrowings are recognised in the statement of financial position when the financial obligation of liabilities from the borrowings arises and are recognised initially at fair values of borrowed sums, net of any transaction cost. Subsequent to the initial recognition, such borrowings are measured at amortised cost as described in Note (a)(ii) below.

Borrowings are derecognised upon extinguishment of the financial obligations. Gains or losses including interest and fee expenses, discount and rebates as well as amortisation of transaction costs are recognised in the statement of profit or loss.

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

19. BORROWINGS (CONT'D)

(a) Recognition and measurement (Cont'd)

(ii) Financial liabilities measured at amortised cost and effective interest method

The amortised cost of a financial liability is the amount measured at initial recognition and adjusted for subsequent recognition of interest expense using the effective interest method of any difference between that initial amount and the maturity amount minus repayments.

Effective interest rate is the rate that discounts estimated future cash outflows through the expected life of the financial liability to the amortised cost of a financial liability. The effective interest method is the method that is used in the calculation of the amortised cost of a financial liability and in the allocation and recognition of the interest expense in the statement of profit or loss over the relevant period.

Therefore, the carrying amount of the financial liability is a reasonable approximation of its fair value.

The amortised costs measurement is also adopted in lease liability, amount due to a subsidiary, amounts due to related companies, trade payables and other liabilities excluding provisions as disclosed in Notes 10, 16, 17, 20 and 21 respectively.

(b) Interest rates

	Group	
	2023	**2022**
	%	**%**
Borrowings	4.10 - 4.96	3.49 - 4.47

(c) Secured borrowings

The Group has pledged the following assets as security for the term and revolving credits.

		Group	
	Note	**2023**	**2022**
		RM'000	**RM'000**
Carrying amounts of the assets pledged for credit facilities			
Inventories:			
- Land held for property development	11(b)(i)	222,067	206,998
- Property development expenditure	11(b)(ii)	67,353	51,427
		289,420	258,425

19. BORROWINGS (CONT'D)

(d) Other information

(i) All covenants of the borrowings are met at all times during the year.

(ii) The liquidity risk of the borrowings is disclosed in Note 5(a).

(e) Reconciliation of liabilities arising from financing activities

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
(i) Borrowings					
At the beginning of the year		55,673	121,083	-	-
Cash outflows		(152)	(65,410)	-	-
At the end of the year		55,521	55,673	-	-
(ii) Advance from related companies					
At the beginning of the year		1,164,242	1,010,166	58,250	57,200
Cash inflows		94,346	154,076	1,350	1,050
At the end of the year		1,258,588	1,164,242	59,600	58,250
(iii) Lease liability					
At the beginning of the year		74	198	-	-
Cash outflows	10(c)	(134)	(129)	-	-
Non-cash:					
- New lease		269	-	-	-
- Interest charged		6	5		
At the end of the year	10(c)	215	74	-	-
Total liabilities from financing activities		1,314,324	1,219,989	59,600	58,250

20. TRADE PAYABLES

This note provides information about the outstanding balances of contractors.

	Group	
	2023	**2022**
	RM'000	**RM'000**
Non-current		
Property development payables	8,906	9,804
Current		
Property development payables	44,056	33,437
Total	52,962	43,241

(a) Recognition and measurement

Trade payables are financial liabilities which are classified as amortised cost liabilities. Trade payables are recognised in the statement of financial position when the financial obligation arises and are recognised initially at their fair values of goods and services received. After the initial recognition, such trade payables are measured at amortised costs as described in Note 19(a)(ii). Trade payables are derecognised upon extinguishment of their financial obligations.

(b) Other information

(i) Trade payables are non-interest bearing and generally on terms of 30 to 90 days (2022: 30 to 90 days).

(ii) The liquidity risk of the trade payables is disclosed in Note 5(a).

21. OTHER LIABILITIES

This note provides information about the other liabilities including provisions and accruals for expenses where probable outflows of economic resources are expected and deposits received from tenants and other arrangements.

		Group		Company	
	Note	**2023**	**2022**	**2023**	**2022**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current					
Deposits received	(b)(i)	1,938	3,501	-	-
Total non-current		1,938	3,501	-	-
Current					
Other payables	(b)(ii)	19,953	55,638	56	56
Accruals	(b)(iii)	275,980	204,842	-	-
Deposits received		6,509	3,861	-	-
		302,442	264,341	56	56
Provisions	(b)(iv)	116,042	84,810	27	25
Total current		418,484	349,151	83	81
Total		420,422	352,652	83	81

(a) Recognition, measurement and significant judgement

Other payables, accruals and deposit received are financial liabilities classified as amortised cost liabilities. These liabilities are recognised in the statement of financial position when the financial obligation of liabilities from the transactions arises and are recognised initially at fair values of goods and services received. Subsequent to the initial recognition, such liabilities are measured at amortised cost as described in Note 19(a)(ii). Other payables, accruals and deposits received are derecognised upon extinguishment of their financial obligations.

Provisions are recognised when the obligation arises (legal or constructive) as a result of a past event, an outflow of economic resources will probably be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

21. OTHER LIABILITIES (CONT'D)

(b) Other information

(i) The non-current deposits received represent amounts due to tenants for the rental of premises of a subsidiary and such deposits are refunded in accordance with the tenancy agreements.

(ii) Included in current other payables is an amount due to a joint venture partner of RM212,000 (2022: RM212,000). This amount is unsecured and is repayable following the terms of the joint venture, subject to the consent of both parties to the joint venture.

(iii) Accruals mainly consist of accrued property development costs.

(iv) Included in provisions is an amount of RM111.3 million (2022: RM80.5 million) representing provision for low-cost housing projects.

(v) The liquidity risk of the other liabilities excluding provisions is disclosed in Note 5(a).

22. CONTRACT LIABILITIES

This note provides information about the outstanding contract liabilities in relation to properties development activities and it should be read in conjunction with Note 15 in relation to contract assets.

		Group	
	Note	**2023**	**2022**
		RM'000	**RM'000**
Current			
Contract liabilities in relation to excess of progress billings to property purchasers over revenue recognised	15(b)(i)	101	295

(a) Recognition and measurement

A contract liability is the obligation to transfer goods or services to a customer for which the consideration received, or an amount of consideration is due from the customer. Such consideration is the fair value at initial recognition. A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before transferring the related goods or services to the customer.

For the property development business, contract liabilities are recognised in the statement of financial position as the excess of progress billings to purchasers over the cumulative revenue recognised.

(b) Other information

Further details of the contract liabilities of properties development activities are disclosed in Note 15(b)(i).

23. SHARE CAPITAL

This note provides information about the issued and fully-paid share capital of the Company.

		Group and Company			
		2023		2022	
	Note	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid ordinary shares					
At the beginning/end of the year	24	349,045	359,520	349,045	359,520

(a) Recognition and measurement

Ordinary shares of the Company are recognised in the statement of financial position upon issuance of new ordinary shares to holders. The ordinary shares are classified as equity and recorded at fair value of consideration received.

(b) Share capital information

Holders/Owners of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the residual assets of the Company.

24. TREASURY SHARES

This note provides information about the share buybacks of the Company.

		Group and Company			
		2023		2022	
	Note	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At cost					
At the beginning/end of the year		3,173	3,244	3,173	3,244
Total number of outstanding ordinary shares in issue		345,872		345,872	
Total number of issued and fully paid ordinary shares	23	349,045		349,045	

24. TREASURY SHARES (CONT'D)

(a) Recognition and measurement

The Company repurchases its own equity share capital which is measured at cost being the consideration paid including any directly attributable incremental external costs. These costs are recognised in the statement of financial position deducted from the equity attributable to the Owner of the Company and classified as treasury shares until they are cancelled, reissued or disposed of.

Shares repurchased are being held as treasury shares under Section 127 of CA2016. The Company may distribute the treasury shares as dividends to the Shareholders or re-sell the treasury shares in the market under the Rules of Bursa Securities or cancel the shares under Section 127 of CA2016.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments. When treasury shares are distributed as dividends, the cost of the treasury shares distributed is applied to the reduction of the distributable retained profits. When repurchased shares are subsequently reissued by resale in the open market, any difference between the resale price and the carrying amount of the repurchased shares is accounted as a movement in reserves in the statement of changes in equity, as appropriate.

(b) Summary of the share buybacks

	Number of shares '000	Highest price RM	Lowest price RM	Average cost including transaction costs RM	Total amount paid RM'000
2023 and 2022					
At the beginning/ end of the year	3,173	1.90	0.54	1.02	3,244

There were no share re-issuance, cancellations, resale and buybacks for the current and previous year.

25. REVENUE

This note provides information on revenue streams that are generated by the Group. The Group's revenue is generated from the three reportable business segments as disclosed in Note 3. The Group's business mainly involves developing and selling properties, management and letting of properties and holding investments. The Company's revenue comprises dividend income from its subsidiaries, and these dividends are eliminated at the Group following the consolidation accounting requirements.

		Group		Company	
	Note	**2023**	**2022**	**2023**	**2022**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers:					
Progress revenue from property development (net)	15(b)(i)	726,609	516,440	-	-
Sale of completed properties	15(b)(i)	9,393	2,294	-	-
Sale of oil palm fresh fruit bunches		539	726	-	-
		736,541	519,460	-	-
Other revenue:					
Dividend income from subsidiaries		-	-	53,850	20,900
Rental income		23,110	19,042	-	-
		23,110	19,042	53,850	20,900
		759,651	538,502	53,850	20,900
Revenue from contracts with customers analysed by timing of revenue recognition where products and services transferred:					
Over time		726,609	516,440	-	-
At a point in time		9,932	3,020	-	-
		736,541	519,460	-	-

25. REVENUE (CONT'D)

Recognition, measurement and significant judgements

(a) Revenue recognition in relation to performance obligation

Revenue which represents income arising from the course of the ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with a customer as and when the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with a customer, the control of the promised goods or services may transfer over time or at a point in time.

A consideration that is allocated to each performance obligation is recognised as revenue when the customer obtains control of the goods or services. Consideration payable to customer is recognised as a reduction of revenue. At the inception of each contract with customer, the Group determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances a customer-controlled asset; or

- the Group's performance does not create an asset with alternative use and the Group has legal enforceable rights to payment for performance completed to date.

(i) Progress revenue from property development

Progress revenue from property development is recognised upon transferring control of the asset to a purchaser/customer. Based on the terms of the contract and the laws that apply to the contracts in Malaysia, control of the asset is transferred over time to the purchasers/customers. In determining the timing of satisfaction of performance obligation for revenue recognition:

(a) the property development subsidiaries recognise revenue over the period of the contracts using the input method based on a percentage of completion as disclosed in Note 11(a)(ii). The percentage of completion is computed by reference to the property development cost incurred to date as a percentage of the estimated total costs of development of the contract.

25. REVENUE (CONT'D)

Recognition, measurement and significant judgements (Cont'd)

(a) Revenue recognition in relation to performance obligation (Cont'd)

(i) Progress revenue from property development (Cont'd)

(b) the promised properties are specifically identified in the sale and purchase agreements with its layout plan. The purchaser could enforce its rights to the properties if the property development subsidiaries seek not to sell such properties to the purchaser. The contractual restriction on the property development subsidiaries' ability to direct the properties for another use is substantive and the properties sold to the purchaser do not have an alternative use to the property development subsidiaries. The property development subsidiaries have the legally enforceable right to payment for performance completed to date. The property development subsidiaries are obligated to complete the construction, transfer to the purchaser the developed properties and enforce their rights to full payment from the purchaser.

In certain circumstances, contracts with customers may include multiple promises to customers and are therefore accounted for as separate performance obligations. The transaction price, which includes estimating variable consideration and adjusting the consideration for the effects of the time value of money where applicable, shall be allocated to each performance obligation based on the stand-alone selling prices of the properties involved. Stand-alone selling prices are estimated based on expected cost-plus margin where the observable selling price data are not available.

(ii) Sale of completed properties

Proceeds from the sale of completed properties are recognised when the Group satisfies a performance obligation by transferring a promised asset to a purchaser. An asset is transferred when the purchaser obtains control of that asset.

(iii) Sale of oil palm fresh fruit bunches

Sale of oil palm fresh fruit bunches is recognised when goods are delivered to a customer based on invoice value.

25. REVENUE (CONT'D)

Recognition, measurement and significant judgements (Cont'd)

(b) Revenue recognition not in relation to performance obligation

(i) Dividend income of the Company

Dividend income is recognised when the rights to receive dividend payments have been established.

(ii) Rental income

As a lessor, the Group recognised lease payments as rental income from operating lease over the lease term evenly (straight-line basis) based on the rental chargeable to tenants.

26. COST OF SALES

This note provides a breakdown of the cost of sales which are directly incurred to generate revenue as disclosed in Note 25.

	Group	
	2023	**2022**
	RM'000	**RM'000**
Property development costs	538,953	359,250
Property maintenance expenses	14,117	13,015
Cost of completed properties	2,430	1,706
Plantation expenses	414	425
Others	2	-
	555,916	374,396

(a) Recognition and measurement

(i) Property development costs

Recognition and measurement of the property development costs are disclosed in Note 11(a)(ii).

(ii) Property maintenance expenses

Property maintenance expenses are recognised upon services rendered to the Group. These expenses are measured at their fair values of services received.

26. COST OF SALES (CONT'D)

(a) Recognition and measurement (Cont'd)

(iii) Cost of completed properties

Cost of completed properties are recognised upon delivery of the completed properties to the purchaser. Measurement of these completed properties disclosed in Note 11(a)(iii).

(iv) Plantation expenses

Plantation expenses is recognised upon delivery of goods to customer and measured at the fair value of goods received.

(b) Other information

Included in cost of sales:

		Group	
	Note	2023 RM'000	2022 RM'000
Depreciation of property, plant and equipment	6(b)(ii)	2	-
Staff costs		3,370	3,563
		3,372	3,563

27. OTHER INCOME

This note outlines other income including gains, write backs and reversals.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other income:				
Financial assets measured at fair value through profit or loss:				
- Funds distribution income	1,185	717	143	302
Financial assets measured at amortised cost:				
- Interest income on:				
- amount due from a subsidiary	-	-	1,873	1,396
- deposits and placements with financial institutions	2,899	1,533	357	273
Rental income	2,913	2,937	-	-
Sub-total carried forward	6,997	5,187	2,373	1,971

27. OTHER INCOME (CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Sub-total brought forward		6,997	5,187	2,373	1,971
Gains, write backs and reversals:					
Fair valuation gain of:					
- retention sums		757	483	-	-
- short-term funds		875	687	-	-
Write back of impairment losses on:					
- investment properties	7(b)(i)	2,774	-	-	-
- trade receivables:					
- Collective assessment	13(b)(i)	480	1,699	-	-
- Individual assessment	13(b)(i)	872	288	-	-
- other receivables:					
- Individual assessment	14(c)(i)	81	156	-	-
Gain on disposals of plant and equipment		87	33	-	-
Gain on redemption of short-term funds		429	443	-	-
		6,355	3,789	-	-
Others		1,515	1,084	4	16
		14,867	10,060	2,377	1,987

Recognition and measurement

Other income is recognised as and when a performance obligation is satisfied by transferring an asset. An asset is transferred when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by the customer. Certain income with same nature is recognised on same principles as disclosed in Note 25, while others are described below:

(i) Funds distribution income is recognised and measured using the effective interest method over tenures of the short-term funds.

(ii) Interest income on deposits and placements with licensed financial institutions is recognised and measured using the effective interest method over the tenure of placement.

(iii) Gain on the disposals of plant and equipment is recognised upon the customer obtaining the control of the asset or completion of sale and purchase agreement.

(iv) All other income is recognised on accrual basis based on its fair value transacted.

28. ADMINISTRATIVE EXPENSES

This note outlines administrative expenses by nature.

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Establishment related expenses					
Amortisation of software licences	9(b)	37	52	-	-
Depreciation of:					
- property, plant and equipment	6(b)(ii)	890	865	1	2
- investment properties	7(b)(iii)	6,258	6,232	-	-
- right-of-use asset	10(b)	128	123	-	-
Insurance		391	330	-	-
Quit rent and assessment		2,579	2,650	-	-
Rental expenses for short-term leases	10(d)(i)	72	103	-	-
Repair and maintenance		1,224	1,229	-	-
Utility expenses		592	610	-	-
Other establishment expenses		472	409	-	-
		12,643	12,603	1	2
General administrative expenses					
Auditors' remuneration:					
Statutory audit - current year					
- auditors of the Company		145	143	22	20
Other audit-related services					
- current year					
- auditors of the Company		30	30	2	4
		175	173	24	24
Bank charges		38	159	1	-
Communication expenses		172	173	-	-
Legal and professional fees		914	2,027	42	131
Management fee		28,506	21,421	25	15
Printing and stationery		176	246	-	-
Repair and maintenance		411	244	-	-
Security services		669	544	-	-
Service and registration expenses		20	12	3	3
Transport and travelling		51	39	-	-
Other administrative expenses		1,509	816	76	61
		32,641	25,854	171	234

28. ADMINISTRATIVE EXPENSES (CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Personnel expenses				
Salaries, allowances and bonuses (net of over provision in prior year)	15,129	14,181	-	-
Pension costs - defined contribution plan	2,345	2,055	-	-
Other staff related costs	816	761	-	-
	18,290	16,997	-	-
Selling and marketing expenses				
Advertisement and promotion	9,718	10,670	-	-
Commission	6	107	-	-
Marketing cost	902	718	-	-
Other selling and marketing expenses	302	435	-	-
	10,928	11,930	-	-
Total administrative expenses	74,502	67,384	172	236

(a) Recognition and measurement

Administrative expenses are recognised on an accrual basis based on their fair values of services rendered and goods received.

(b) Other information

Staff costs recognised in cost of sales and administrative expenses are summarised below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Staff costs:				
- salaries, allowances and bonuses (net of over provision)	18,066	17,291	-	-
- defined contribution plan	2,696	2,426	-	-
- social security costs	218	181	-	-
- other staff related expenses	680	662	-	-
	21,660	20,560	-	-

29. OTHER EXPENSES

This note outlines other expenses including impairments loss, write off and reversal.

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Loss, write off and allowance for impairment:					
Fair valuation loss of short-term funds		120	3	-	-
Impairment loss on investment in a subsidiary	8(d)	-	-	2,350	-
Loss of financial assets measured at amortised cost:					
- Allowance for impairment losses, individual assessment, on:					
- trade receivables	13(b)(i)	292	509	-	-
- other receivables	14(c)(i)	195	294	-	-
- amounts due from subsidiaries	16(a)(i)	-	-	226	278
Write off of financial assets measured at amortised cost:					
- trade receivables		-	31	-	-
Others		2,316	-	-	-
		2,923	837	2,576	278

Recognition and measurement

(i) Impairment losses are recognised and measured in accordance with the impairment policies of the assets including property, plant and equipment, investment properties, investments in subsidiaries, trade receivables, other assets and amounts due from a subsidiaries as disclosed in Notes 6, 7, 8, 13, 14 and 16 respectively.

(ii) All other expenses are recognised when the financial obligations of liabilities arise based on fair values of the transactions.

30. FINANCE COSTS

This note outlines the interest expenses incurred, amortisation of finance costs recognised, fees or expenses related to financing and interest capitalised.

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Interest expense of financial liabilities that are measured at amortised cost:					
- lease liability	10(c)	6	5	-	-
- amounts due to related companies		53,086	40,798	47	28
- amounts due to subsidiaries		-	-	1,866	1,413
- revolving credits		750	545	-	-
- term loans		4,608	5,376	-	-
		58,450	46,724	1,913	1,441
Other finance costs of financial liabilities that are measured at amortised cost:					
- facilities fee		2,213	632	-	-
- retention sums		455	2,342	-	-
		2,668	2,974	-	-
Interest capitalised under:					
- land held for property development	11(b)(i)	(35,266)	(29,340)	-	-
- property development expenditure	11(b)(ii)	(5,295)	(4,659)	-	-
		20,557	15,699	1,913	1,441

Recognition and measurement

Finance costs are recognised and measured using the effective interest rate method over the tenure of the respective amortised cost instruments.

31. TAX EXPENSE

This note provides an analysis of the income tax provision that shows how the tax expense is affected by non-taxable and non-deductible items; and deferred tax that recognised during the year.

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Income tax					
- Current year provision		54,081	43,859	311	240
- Under/(Over) provision in respect of prior years		528	270	65	(3)
Deferred income tax:					
Deferred tax assets	12(b)(i)	(17,855)	(21,095)	-	-
Deferred tax liabilities	12(b)(ii)	(3,252)	(2,176)	-	-
		(21,107)	(23,271)	-	-
		33,502	20,858	376	237
Deferred income tax is analysed as follows:					
Origination and reversal of temporary differences		(20,095)	(17,688)	-	-
Over provision in prior years		(1,012)	(5,583)	-	-
		(21,107)	(23,271)	-	-

Tax expense analysed by business segments of the Group is disclosed in Note 3(a).

(a) Recognition and measurement

Current income tax expense is recognised in the statement of profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Tax rates and tax laws used to measure the tax amount are those enacted or substantively enacted by the end of the year.

(b) Tax rates

Income tax expense is calculated based on the statutory income tax rate of 24% (2022: 24%) on the estimated taxable profits for the year.

31. TAX EXPENSE (CONT'D)

(c) Reconciliation between tax expense and accounting profit before tax

The reconciliation between Malaysian tax expense and the product of accounting profit before tax multiplied by the statutory corporate tax rate of 24% (2022: 24%) is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax ("PBT")	120,620	90,246	51,566	20,932
Tax at Malaysian statutory rate on PBT @ 24%	28,949	21,659	12,376	5,024
Tax effects of:				
- non-taxable income	(2,946)	(4,749)	(12,958)	(5,089)
- non-deductible expenses	7,133	7,290	893	305
Utilisation of previously unrecognised deferred tax assets	(1,237)	(195)	-	-
Deferred tax assets not recognised during the year	2,087	2,166	-	-
Over provision of deferred tax in respect of prior years	(1,012)	(5,583)	-	-
Under/(Over) provision of income tax in respect of prior years	528	270	65	(3)
Tax expense	33,502	20,858	376	237

(d) Other information

The deferred tax assets/liabilities are disclosed in Note 12.

32. EARNINGS PER SHARE ("EPS")

This note provides how EPS is computed.

	Group	
	2023	**2022**
Basic/Diluted		
Profit attributable to Owners of the Company (RM'000)	86,024	68,629
Weighted average number of ordinary shares outstanding ('000)	345,872	345,872
Basic/Diluted EPS (sen)	24.9	19.8

Measurement

Basic EPS is calculated by dividing profit attributable to Owners (ordinary equity holders) of the Company for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing profit attributable to Owners (ordinary equity holders) of the Company for the year, with no dilutive adjustments as required, by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares. No options were granted to any person to take up unissued shares of the Company. Hence, there was no dilutive potential ordinary shares at the end of the current and previous years.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

33. DIVIDENDS

This note provides information on dividend distributions declared and paid by the Company.

	Group and Company		
	Date of payment	Dividend declared and paid for the year ended 31 December	
		2023 RM'000	2022 RM'000
Dividend for the year ended 31 December 2022			
5.5 sen single-tier interim dividend	28 April 2022	-	19,023
		-	19,023

The Board of Directors do not recommend any final dividend for the year ended 31 December 2023.

Recognition and measurement

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Dividend distribution to the Owners of the Company is recognised directly in retained profits under equity in the period in which the dividend is declared and paid.

34. RELATED PARTY DISCLOSURES

This note provides information for related party disclosures which outlines how the related parties are identified and the amounts of transactions that have been entered into with related parties during the year.

(a) Identification of related parties

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

The related parties include subsidiaries (Note 8), the immediate holding company, OSK Holdings Berhad, the ultimate holding company, Yellow Rock (L) Foundation and companies related to Directors and major Shareholders of the Company. Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities either directly or indirectly and an entity that provides key management personnel services to the Group. The key management personnel include all Directors and senior personnel of the Group.

(b) Significant transactions and balances with immediate holding company, subsidiaries and related companies

Relationship between the Company and its subsidiaries is disclosed in Note 8. The following table provides the transactions and outstanding balances that have been entered into between the Company, immediate holding company, subsidiaries and related companies.

	Group			
Transactions and balances with OSK Holdings Berhad group of companies	**Expenses**		**Amount due from/(to)**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Immediate holding company				
OSK Holdings Berhad				
Dividend paid	-	(19,010)	-	-
Management fee expenses	(10,132)	(7,764)	-	-

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant transactions and balances with immediate holding company, subsidiaries and related companies (Cont'd)

Relationship between the Company and its subsidiaries is disclosed in Note 8. The following table provides the transactions and outstanding balances that have been entered into between the Company, immediate holding company, subsidiaries and related companies. (Cont'd)

	Group			
Transactions and balances with OSK Holdings Berhad group of companies (Cont'd)	**Expenses**		**Amount due to**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
OSK Capital Management Sdn. Bhd.				
Facilities fee expenses	(269)	(729)	-	-
Interest expense	(40,223)	(27,540)	-	-
Amount due to a related company	-	-	(1,013,917)	(861,072)
OSK I CM Sdn. Bhd.				
Interest expense	(12,862)	(13,257)	-	-
Amount due to a related company	-	-	(244,671)	(303,171)
OSK Management Services Sdn. Bhd.				
Management fee expense	(3,432)	(2,950)	-	-
Transactions and balances with PJ Development Holdings Berhad group of companies				
OSK Construction Sdn. Bhd.				
Construction costs	(172,368)	(61,335)	-	-
Amount due to a related company	-	-	(19,038)	(13,125)
PJD Management Services Sdn. Bhd.				
Management fee expense	(14,138)	(10,707)	-	-

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant transactions and balances with immediate holding company, subsidiaries and related companies (Cont'd)

Relationship between the Company and its subsidiaries is disclosed in Note 8. The following table provides the transactions and outstanding balances that have been entered into between the Company, immediate holding company, subsidiaries and related companies. (Cont'd)

	Company			
Transactions and balances with	**Income/(Expenses)**		**Amount due from/(to)**	
OSK Holdings Berhad group of companies	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
<u>OSK Holdings Berhad</u>				
Dividend paid	-	(19,010)	-	-
<u>OSK Capital Management Sdn. Bhd.</u>				
Amount due to a related company	-	-	(59,600)	(58,250)
Transactions and balances with subsidiaries				
<u>Aspect Synergy Sdn. Bhd.</u>				
Interest income	1,851	1,384	-	-
Amount due from a subsidiary	-	-	75,957	74,105
<u>Atria Damansara Sdn. Bhd.</u>				
Interest expense	(494)	(381)	-	-
Amount due to a subsidiary	-	-	(20,753)	(20,959)
<u>Country Wheels Sdn. Bhd.</u>				
Interest expense	(675)	(507)	-	-
<u>OSK Properties Sdn. Bhd.</u>				
Dividend income	50,000	20,000	-	-
<u>Pine Avenue Sdn. Bhd.</u>				
Dividend income	200	-	-	-
<u>Ribuan Ekuiti Sdn. Bhd.</u>				
Dividend income	3,550	-	-	-

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant transactions and balances with immediate holding company, subsidiaries and related companies (Cont'd)

Relationship between the Company and its subsidiaries is disclosed in Note 8. The following table provides the transactions and outstanding balances that have been entered into between the Company, immediate holding company, subsidiaries and related companies. (Cont'd)

Transactions and balances with subsidiaries (Cont'd)	**Company**			
	Income/(Expenses)		**Amount due from/(to)**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Semponia Sdn. Bhd.				
Interest expense	(675)	(507)	-	-
Wawasan Rajawali Sdn. Bhd.				
Dividend income	-	900	-	-

(c) Significant transactions and balances with other related parties

Other related parties are the companies related to Directors or major Shareholders of the Company:

(i) Dindings Consolidated Sdn. Bhd. ("DCSB")

The spouse and daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa are directors of DCSB. Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and children collectively owned 100% of DCSB.

Dindings Consolidated Sdn. Bhd. group of companies	**Group**			
	Expenses		**Amount due from/(to)**	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Sincere Source Sdn. Bhd.				
Insurance premium expense	(581)	(534)	-	-

34. RELATED PARTY DISCLOSURES (CONT'D)

(c) Significant transactions and balances with other related parties (Cont'd)

Other related parties are the companies related to Directors or major Shareholders of the Company: (Cont'd)

(ii) Raslan Loong, Shen & Eow ("RLSE")

The son-in-law of Tan Sri Ong Leong Huat @ Wong Joo Hwa is a partner of RLSE.

	Group			
	Expenses		Amount due from/(to)	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Legal fee expenses	(946)	(916)	-	-

(iii) RHB Bank Berhad

An associate of the immediate holding company, OSK Holdings Berhad.

RHB Bank Berhad group of companies	Group			
	Income		Amount due from	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
RHB Bank Berhad				
Interest income	788	271	-	-
Bank balances and short-term funds	-	-	135,889	96,801
RHB Asset Management Sdn. Bhd.				
Funds distribution income	1,035	813	-	-
Short-term funds	-	-	56,442	59,812

	Company			
	Income		Amount due from	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
RHB Asset Management Sdn. Bhd.				
Funds distribution income	143	302	-	-
Short-term funds	-	-	4,186	3,248

(d) Ultimate holding company

The Company does not have any related party transactions or outstanding balances with Yellow Rock (L) Foundation, the Company's ultimate holding company.

35. COMMITMENTS

This note outlines financial commitment of the Group.

(a) Operating leases commitments

This note provides information on operating lease commitments for leases where the Group is a lessor. The information for leases where the Group is a lessee are disclosed in Note 10.

For the non-cancellable lease arrangements on certain properties classified under investment properties. The aggregated future minimum lease receivables (undiscounted lease payment to be received) are as follows:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Up to 1 year	8,255	9,478
Later than 1 year and not later than 5 years	12,217	14,745
More than 5 years	54,793	57,220
	75,265	81,443

(b) Capital Commitments

Contracted but not provided for:		
Acquisition of land held for property development	1,259	20,263

36. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities at the end of the year.

Recognition and measurement

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably.

36. CONTINGENT ASSETS AND LIABILITIES (CONT'D)

Recognition and measurement (Cont'd)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company. The Group and the Company do not recognise contingent assets/liabilities but discloses their existence in the financial statements, if any, where inflows/outflows of economic benefits are probable, but not certain. Commitment is measured at the transacted price less the amount provided for in the financial statements.

The Group is currently not required to adopt IFRS S2 'Climate-related Disclosures', and the relevant requirements on contingent liability are discussed in Note 41(b)(vi).

37. SIGNIFICANT EVENTS DURING THE YEAR

Significant events consist of the changes in composition of the Group during the year as disclosed in Note 8(b).

38. MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events from the end of the year and ending on the date of this report.

Recognition and measurement

If information received after the reporting period, but before the date of authorisation for issue, about conditions that existed at the end of the reporting period, an assessment on whether the information affects the amounts that recognised in the financial statements. An adjustment of the amounts is recognised in the financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, no change to the amounts recognised in the financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

39. MATERIAL LITIGATIONS

Since the date of the last audited financial statements, the Group and the Company were not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors are not aware of any proceeding pending or threatened against the Group and the Company or of any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations.

40. FINANCIAL REPORTING STANDARDS

This section provides a summary of other material accounting policy information including adoption of the amendments to published standards and interpretation to the existing MFRS and standards issued by MASB that are applicable during the year; standards that have been issued but not yet adopted by the Group; and newly issued sustainability disclosure standards issued by International Sustainability Standards Board ("ISSB"). The accounting policies and significant judgments as shown in the respective notes form an overall basis of preparation that the Directors consider is relevant in understanding these financial statements.

(a) The following amendments to published standards and interpretation to the existing MFRS and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2023:

(i) Amendments to MFRS 101 'Presentation of Financial Statements' (Classification of Liabilities as Current or Non-current)

These amendments clarify the requirements for the classification of liabilities as current or non-current. Liability is to be classified as a current liability when an entity does not have the right at the end of the reporting period to defer its settlement of the liability for at least twelve months after the reporting period.

(ii) Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS Practice Statement 2 (Disclosure of Accounting Policies)

These amendments replace "significant accounting policies" with "material accounting policy information" under the definition of a complete set of financial statements; and clarify that accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements.

(iii) Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' (Definition of Accounting Estimates)

These amendments revise the definition of accounting estimates to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally applied retrospectively to past transactions and other past events.

40. FINANCIAL REPORTING STANDARDS (CONT'D)

(a) The following amendments to published standards and interpretation to the existing MFRS and standard issued by MASB that are applicable and effective for the Group's financial year beginning on 1 January 2023: (Cont'd)

(iv) Amendments to MFRS 112 'Income Taxes' (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

These amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

In specified circumstances, MFRS 112 exempts companies from recognising deferred tax when they recognise assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability.

These amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. Such clarification is expected to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

(v) Amendments to MFRS 112 'Income Taxes' (International Tax Reform - Pillar Two Model Rules)

These amendments give entities temporary relief from recognising and disclosing accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform and introduce targeted disclosure requirements on the income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Applying for the temporary relief, entities neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The relief will help to ensure consistency in the financial statements while easing into the implementation of the rules.

The adoption of these amendments does not have any significant financial impact on the Group.

40. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRS issued by MASB that apply to the Group but are not yet effective for the current financial year:

(i) For financial year beginning on/after 1 January 2024

(1) Amendments to MFRS 101 'Presentation of Financial Statements' (Non-current Liabilities with Covenants)

These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

(2) Amendments to MFRS 16 'Leases' (Lease Liability in a Sale and Leaseback Transactions)

These amendments add subsequent measurement requirements for the lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall subsequently measure the leaseback liability by applying the measurement requirements of the lease liabilities stated in this standard. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

(3) Amendments to MFRS 107 'Statement of Cash Flows' and Amendments to MFRS 7 'Financial Instruments: Disclosures' (Supplier Finance Arrangements)

These amendments clarify the additional requirements for disclosure of supplier finance arrangements to achieve greater transparency on the supplier finance arrangements. The disclosure requirements require disclosure of information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. It also required to inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

The adoption of these amendments is not expected to have a material financial impact on the Group.

40. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRS issued by MASB that apply to the Group but are not yet effective for the current financial year: (Cont'd)

(ii) For financial year beginning on/after 1 January 2025

Amendments to MFRS 121 'The Effects of Changes in Foreign Exchange Rates' (Lack Of Exchangeability)

These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

The adoption of these amendments is not expected to have a material financial impact on the Group.

(iii) Standard deferred to a date to be determined by MASB

Amendments to MFRS 10 'Consolidated Financial Statements' and MFRS 128 'Investments in Associates and Joint Venture' (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

If a parent loses control of a subsidiary that does not contain a business, as defined in MFRS 3 'Business Combinations', as a result of a transaction involving an associate or a joint venture that is accounted for using the equity method, the gain or loss resulting from the transaction (including the amounts previously recognised in statement of comprehensive income that would be reclassified to the statement of profit or loss) is recognised in the parent's statement of profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. The remaining part of the gain is eliminated against the carrying amount of the investment in that associate or joint venture.

40. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRS issued by MASB that apply to the Group but are not yet effective for the current financial year: (Cont'd)

(iii) Standard deferred to a date to be determined by MASB (Cont'd)

Amendments to MFRS 10 'Consolidated Financial Statements' and MFRS 128 'Investments in Associates and Joint Venture' (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) (Cont'd)

In addition, if the parent retains an investment in the former subsidiary and the former subsidiary is now an associate or a joint venture that is accounted for using the equity method, the parent recognises the part of the gain or loss resulting from the remeasurement at the fair value of the investment retained in that former subsidiary in its statement of profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The remaining part of that gain is eliminated against the carrying amount of the investment retained in the former subsidiary.

If the parent retains an investment in the former subsidiary that is now accounted for under MFRS 9 as investment, the part of the gain or loss resulting from the remeasurement at the fair value of the investment retained in the former subsidiary is recognised in full in the parent's statement of profit or loss.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The amendments apply prospectively and are effective for annual periods beginning on or after 1 January 2016, however, the effective date is being deferred.

The adoption of these amendments is not expected to have a material financial impact on the Group.

41. SUSTAINABILITY DISCLOSURE STANDARDS

The following are published sustainability disclosure standards issued by ISSB that may apply to the Group but are not yet effective for the current financial year:

ISSB issued the following first two new Sustainability Disclosure Standards on 26 June 2023 for guidance on disclosures of sustainability-related financial information.

(i) IFRS S1 General Requirements for 'Disclosure of Sustainability-related Financial Information'
(ii) IFRS S2 'Climate-related Disclosures'

At present, disclosures of sustainability information in Malaysia are only mandatory for companies which are listed on Bursa Malaysia. An entity shall not describe sustainability-related financial disclosures as complying with IFRS Sustainability Disclosure Standards unless they comply with all the requirements of IFRS Sustainability Disclosure Standards.

The standards shall apply for annual reporting periods beginning on or after 1 January 2024. However, the regulators in Malaysia have yet to decide on whether to adopt IFRS S1 and S2 and when they shall be applicable.

(a) IFRS S1 General Requirements for 'Disclosure of Sustainability-related Financial Information'

IFRS S1 provides a set of disclosure requirements designed to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1. Both fully incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The objective of IFRS S1 is to disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 requires disclosure of information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or the cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how to prepare and report its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources.

41. SUSTAINABILITY DISCLOSURE STANDARDS (CONT'D)

The following are published sustainability disclosure standards issued by ISSB that may apply to the Group but are not yet effective for the current financial year: (Cont'd)

(a) IFRS S1 General Requirements for 'Disclosure of Sustainability-related Financial Information' (Cont'd)

IFRS S1 sets out the requirements for disclosing information about sustainability-related risks and opportunities, such as disclosures about:

(i)	Governance	-	the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities;
(ii)	Strategy	-	the entity's strategy for managing sustainability-related risks and opportunities;
(iii)	Risk Management	-	the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities;
(iv)	Metrics and Targets	-	the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.

(b) IFRS S2 'Climate-related Disclosures'

The objective of IFRS S2 is to require disclosure of information about its climate-related risks and opportunities that are useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 requires disclosure of information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or the cost of capital over the short, medium or long term. Such risks and opportunities are collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects'.

The core content follows that in IFRS S1 which are Governance, Strategy, Risk Management and Metrics and Targets. Climate information that has to be disclosed is divided into:

(1) climate-related "Physical Risks"; and
(2) climate-related "Transition Risks".

41. SUSTAINABILITY DISCLOSURE STANDARDS (CONT'D)

The following are published sustainability disclosure standards issued by ISSB that may apply to the Group but are not yet effective for the current financial year: (Cont'd)

(b) IFRS S2 'Climate-related Disclosures' (Cont'd)

Climate-related Physical Risks are those resulting from climate change such as storms, floods, drought or heatwaves or from longer-term shifts in climatic patterns of extreme weather events, whilst Transition Risks are the risks that arise when an entity transitions to a lower-carbon economy.

In addition, an entity should report on its climate-related opportunities. As for IFRS S1, the information will be qualitative and quantitative. The unique qualitative information would include information on climate resilience, greenhouse gas emissions, industry metrics, internal carbon prices, climate-related considerations for determining executive remuneration, etc. Greenhouse gas emissions may be further analysed into:

Scope 1: direct emissions from the use of own equipment or facilities such as company cars.

Scope 2: indirect emissions from purchased electricity, steam, heating and cooling for own use.

Scope 3: indirect emissions from 15 upstream and downstream sources in the entity's supply chain such as purchased goods and services.

Below are some key points on the effects of climate-related matters on financial statements:

(i) MFRS 101 'Presentation of financial statements': Information on climate-related matters may be relevant if investors can reasonably expect that it will have a significant impact on the entity and, therefore, influence their investment decisions. Certain judgements may be impacted by climate-related matters, so entities will need to consider disclosing these judgements where applicable. Climate-related matters may create material uncertainties related to events or conditions that cast significant doubt upon an entity's ability to continue as a going concern. In assessing whether the going concern basis of preparation is appropriate, information regarding climate-related matters should be considered in conjunction with other uncertainties where applicable [Note 2(a)].

41. SUSTAINABILITY DISCLOSURE STANDARDS (CONT'D)

The following are published sustainability disclosure standards issued by ISSB that may apply to the Group but are not yet effective for the current financial year: (Cont'd)

(b) IFRS S2 'Climate-related Disclosures' (Cont'd)

(ii) MFRS 102 'Inventories': Entities may find that climate-related matters may cause the inventories to become obsolete, or the selling price to decline or the costs of completion to increase. Estimates of net realisable value will be based on the most reliable evidence available of the amount which the inventories are expected to realise. Climate-related matters may give rise to an indication that assets are impaired. A decline in demand for products that are not environmentally friendly could indicate impairment of that product. An adverse change in the business environment of an entity is an indication of impairment. It will need to consider whether climate-related matters affect those assumptions, if applicable [Note 11(a)].

(iii) MFRS 112 'Income Taxes': Climate-related matters may affect an entity's estimate of future taxable profits and may result in the entity being unable to recognise deferred tax assets and/or being required to derecognise deferred tax assets that were previously recognised. An entity may find that climate-related matters affect its future taxable profits and, therefore, may result in it not being able to recognise deferred tax assets for any deductible temporary differences or unused tax losses [Note 12(c)].

(iv) MFRS 116 'Property, Plant and Equipment', MFRS 138 'Intangible Assets' and MFRS 16 'Leases': These standards require entities to review the estimated residual values and expected useful lives of assets at least annually. Climate-related matters may impact both of these estimates due to, for example, obsolescence, legal restrictions or inaccessibility of the assets. Estimated residual values and expected useful lives, and changes to them, will also require disclosure. Climate-related matters may give rise to an indication that assets are impaired. An adverse change in the business operating environment of a business is an indication of impairment. It will need to consider whether climate-related matters affect those assumptions, if applicable. The Group is required to consider the impact of health, safety and environmental legislation, including climate-related matters (including physical risks such as recurring floods, rising sea levels, etc. and transition risks including legal or regulatory restrictions on the future use of assets and the potential obsolescence of assets due to changes in consumer demand), in its assessment of expected useful lives and estimated residual values where applicable [Notes 6(a), 9(a) and 10(a)(i)].

41. SUSTAINABILITY DISCLOSURE STANDARDS (CONT'D)

The following are published sustainability disclosure standards issued by ISSB that may apply to the Group but are not yet effective for the current financial year: (Cont'd)

(b) IFRS S2 'Climate-related Disclosures' (Cont'd)

(v) MFRS 136 'Impairment of Assets: The carrying value of an entity's assets or cash-generating units (CGUs) (including goodwill) may be overstated if the impairment calculations do not take into account the impact of climate-related matters. MFRS 136 requires the recoverable amount, if estimated using value in use, to be based on reasonable and supportable assumptions that represent management's best estimate of the range of future economic conditions. This requires entities to consider whether climate-related matters affect those assumptions such as climate-related legislation and regulations as well as changes in demand for products and services [Notes 6(a), 7(a), 8(a), 9(a) and 10(a)(i)].

(vi) MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 'Levies': MFRS 137 requires disclosure of the nature of a provision or contingent liability and an indication of the uncertainties about the amount or timing of any related outflows of economic benefits. Climate-related matters may impact provisions recognised under MFRS 137 due to levies imposed for failing to meet climate-related targets, remediation of environment damage, contracts that may lose revenue or increase costs due to climate-related legislation becoming onerous, or restructurings required to achieve climate-related targets. Thus, disclosure of climate-related matters may be required [Note 36].

(vii) MFRS 7 'Financial Instruments: Disclosures': Climate risks, both physical and transitional, may have implications for the credit risk of financial assets that the Group holds. Such risks could potentially impact the ability of the debtor or borrower to repay the receivable or loan, or for the organisation to recover the receivable. Climate-related matters may expose an entity to risks concerning financial instruments. For Capital Financing, the Group may be necessary to provide information about the effect of climate-related matters on the measurement of expected credit losses or on concentrations of credit risk. For equity investments, the Group may be necessary to disclose exposure to climate-related risks when disclosing concentrations of market risk, where applicable.

41. SUSTAINABILITY DISCLOSURE STANDARDS (CONT'D)

The following are published sustainability disclosure standards issued by ISSB that may apply to the Group but are not yet effective for the current financial year: (Cont'd)

(b) IFRS S2 'Climate-related Disclosures' (Cont'd)

(viii) MFRS 9 'Financial Instruments': MFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities. This includes both primary financial instruments (i.e. cash, receivables, debt and shares in another entity) and derivative financial instruments (i.e. options, forwards, futures, interest rate swaps and currency swaps). The Group may need to consider implications on the recognition and measurement of financial assets and liabilities as well as any potentially relevant climate-related implications on hedging accounting, if applicable. The Group may assess the estimation of expected credit losses on receivables and contract assets to appropriately reflect the climate-related risks or uncertainties to which specific customers are exposed [Notes 13(a)(i) and 15(a)].

(ix) MFRS 13 'Fair Value Measurement': Market participants' views of potential climate-related matters, including legislation, may affect the fair value measurement of assets and liabilities in the financial statements. Climate-related matters may also affect the disclosure of fair value measurements, particularly those categorised within Level 3 of the fair value hierarchy. MFRS 13 requires disclosure of unobservable inputs used in fair value measurements. Those inputs should reflect the assumptions that market participants would use, including assumptions about climate-related risk.

Upon adoption of these two new sustainability disclosure standards, the financial effects will be assessed by the Group.