FINANCIAL STATEMENTS

Statement of Responsibility by the Board of Directors

In Respect of the Audited Financial Statement for the Financial Year Ended 31 December 2022

The Directors are responsible for the preparation, integrity and fair representation of the annual financial statements of Sime Darby Property Berhad Group. As required by the Companies Act, 2016 (the Act) in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 31 December 2022, as presented on pages 231 to 345, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

The Directors consider that in preparing the financial statements, the Group and the Company have:

- used the appropriate accounting policies; and
- consistently applied and supported by reasonable and prudent judgement and estimates.

The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and the Company and to enable the Directors to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Directors' Report

For the financial year ended 31 December 2022

The Directors are pleased to present their Report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, investment and asset management, and leisure. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 43.

There has been no significant change in the principal activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

The results of the Group and the Company for the financial year ended 31 December 2022 are as follows:

	Group RM thousand	Company RM thousand
Profit before taxation	458,860	262,706
Taxation	(147,162)	(1,384)
Profit for the financial year	311,698	261,322
Profit for the financial year attributable to:		
– owners of the Company	315,839	261,322
– non-controlling interests	(4,141)	–
Profit for the financial year	311,698	261,322

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

DIVIDENDS

Since the end of the previous financial year, the Company had declared and paid the following dividends:

	RM thousand
In respect of the financial year ended 31 December 2022, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2022	68,008

The Board of Directors had on 28 February 2023, declared a second single tier dividend in respect of the financial year ended 31 December 2022 of 1.0 sen per ordinary share amounting to RM68.0 million. The second single tier dividend is payable on 28 March 2023 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 15 March 2023.

Directors' Report
For the financial year ended 31 December 2022

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURES

There were no issuances of shares and debentures during the financial year.

DIRECTORS

The Directors who have held office since the end of the previous financial year are as follows:

Rizal Rickman Ramli (Chairman)
Dato' Azmir Merican Azmi Merican (Group Managing Director)
Dato' Soam Heng Choon
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj
Dato' Jaganath Derek Steven Sabapathy
Dato' Seri Ahmad Johan Mohammad Raslan
Datin Norazah Mohamed Razali
Mohamed Ridza Mohamed Abdulla
Dato' Hamidah Naziadin
Dr. Lisa Lim Poh Lin

By way of relief order dated 19 January 2023, granted by the Companies Commission of Malaysia, the names of directors of subsidiary companies as required under Section 253(2) of the Companies Act 2016 in Malaysia are not disclosed in this Report. Their names are set out in the respective subsidiaries directors' report for the financial year ended 31 December 2022 and the said information is deemed incorporated herein by such reference and shall form part hereof.

DIRECTORS' REMUNERATION AND BENEFITS

Details of Directors' remuneration are as follows:

	Group/Company RM thousand
– fees	3,400
– salaries, allowances and bonus	3,994
– defined contribution plan	639
	8,033

Estimated monetary value of benefits received by the Directors from the Company amounted to RM340,850. The Directors did not receive any benefits from the subsidiaries. Details of the Directors' remuneration and benefits is disclosed in Note 10 to the financial statements.

DIRECTORS' REMUNERATION AND BENEFITS (CONTINUED)

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 39 to the financial statements.

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

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the Company and the total premium incurred during the financial year amounted to RM158,086.

DIRECTORS' INTEREST IN SHARES

According to the Register of Directors' Shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in, or debentures of, the Company during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

   i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and

   ii. to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected so to realise.

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

   i. which would render the amounts written off for bad debts or the amounts of impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

c. As at the date of this Report:

   i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and

   ii. there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.

Directors' Report

For the financial year ended 31 December 2022

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

e. In the opinion of the Directors:

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

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

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

AUDITORS

The auditors' remuneration of the Group and the Company for the financial year ended 31 December 2022 amounted to RM2.6 million and RM0.6 million respectively.

The auditors, PricewaterhouseCoopers PLT have expressed their willingness to continue in office.

This Report was approved by the Board of Directors on 23 March 2023.

RIZAL RICKMAN RAMLI
Chairman

DATO' AZMIR MERICAN AZMI MERICAN
Group Managing Director

Petaling Jaya
23 March 2023

Statement by Directors

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

We, Rizal Rickman Ramli and Dato' Azmir Merican Azmi Merican, being two of the Directors of Sime Darby Property Berhad, hereby state that, in the opinion of the Directors, the financial statements set out on pages 231 to 345 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and of the financial performance of the Group and the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors of Sime Darby Property Berhad and dated on 23 March 2023.

RIZAL RICKMAN RAMLI
Chairman

DATO' AZMIR MERICAN AZMI MERICAN
Group Managing Director

Petaling Jaya

Statutory Declaration

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

I, Betty Lau Sui Hing, the Officer primarily responsible for the financial management of Sime Darby Property Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 231 to 345 are, to the best of my knowledge and belief, 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.

BETTY LAU SUI HING
(MIA No. 8511)
Group Chief Financial Officer

Subscribed and solemnly declared by the abovenamed BETTY LAU SUI HING, at Petaling Jaya in the state of Selangor Darul Ehsan on 23 March 2023.

Before me:

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Sime Darby Property Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 231 to 345.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Revenue and cost recognition – property development activities	
The Group and the Company recognise revenue and costs relating to the property development activities using the stage of completion method. The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional consultants. The Group and the Company recognised revenue of RM2,224.1 million and RM175.8 million respectively and costs of RM1,571.1 million and RM114.1 million respectively from property development activities recognised overtime for the financial year ended 31 December 2022. Revenue and cost recognised on property development activities have an inherent risk as it involves judgement and estimates. We focused on this area because there is key judgement involved in determining the following: • Stage of completion; • Extent of property development costs incurred to date; • Estimated total property development costs; • Estimation of provision due to liquidated ascertained damages as a reduction of revenue; and • Estimation of common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects. Refer to Notes 4(a), 6 and 7 to the financial statements.	We performed the following audit procedures: • We tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets, including the total estimated property development cost and the control over the extent of costs incurred for work done to-date. • We checked the stage of completion of property development projects, on a sample basis, to certifications from professional consultants (i.e. internal or external quantity surveyors). • We agreed, on a sample basis, costs incurred to supporting documentation such as contractor claim certificates and invoices from vendors. • We checked the reasonableness of the estimated total property development costs of major projects, allocation of common costs and subsequent changes to the costs by agreeing to supporting documentation such as approved budgets, letter of awards, contracts, quotations, correspondences, contracts and variation orders with contractors. • We tested on a sample basis, actual sales of development properties to signed sales and purchase agreements. • In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as project progress report, extension of time approvals, correspondence with the relevant parties, where applicable. • On a test basis, we checked the mathematical calculation of the percentage of completion and we tested that the percentage of revenue and costs recognised in the statements of comprehensive income is mathematically accurate. We also tested the journal entries to ensure the revenue and costs are recorded appropriately. Based on the above procedures performed, we noted no material exceptions.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Fair value of Investment Properties The Group changed its accounting policy on the measurement of the Group's investment properties from the cost model to the fair value model. The change in accounting policy has been applied retrospectively with the restatement of the opening retained profit for the earliest period presented and the other comparative amounts disclosed for each period presented as if the new accounting policy had always been applied. The impact to the results for the financial year ended 31 December 2021 amounted to RM12.4 million and the impact to the retained profits as at 1 January 2021 and 31 December 2021 are RM331.6 million and RM342.2 million respectively. Investment properties of the Group are measured at fair value except for investment properties under construction which are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier. As at 31 December 2022, the Group's investment properties, which are carried at fair value, amounted to RM1,026.0 million. The valuation of the Group's investment properties were performed by independent external valuers. The valuers have considered factors related to the properties' overall condition and demand as a whole in arriving at the fair values. We focused on this area due to complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumptions to be applied, include amongst others, estimated rental revenues, yield rates, reversion rates and void rates which are based on current and future market or economic conditions. Refer to Notes 4(e), 20 and 44 to the financial statements.	We performed the following audit procedures: • We obtained and read the valuation reports obtained by management from independent external valuers. Based on these reports, we discussed and assessed the appropriateness of the valuation methodologies and assumptions used in the valuation with the independent external valuers. • We assessed the independent external valuers' competency, capabilities and objectivity by checking the valuers' qualification and their registration to the respective boards. • We carried out the following procedures to assess the inputs underpinning the valuation of the properties: – Tested the accuracy of rental rates, rental periods, net lettable area and outgoing expenses to the underlying tenancy agreements where applicable, and held discussions with valuers to understand the factors they have considered in adjusting the inputs, including any market factors; – Benchmarked the term yield, reversion yield and allowance for void used by the valuers to comparable properties; – Discussed with valuers to understand the basis of adjustments made to transacted price per square foot of comparable peers by considering factors related to the characteristics of each individual property, such as location, accessibility to the location, size, tenure and comparable transaction dates; and – Challenged the valuers on certain key inputs and estimates used in consideration of the current market condition. • For investment properties under construction, we assessed management's justification to support the basis that the properties cannot be measured reliably. • We assessed the adequacy of the disclosure and sensitivity analysis prepared by management on the key parameters underpinning the valuation, where applicable. Based on the above procedures performed, we did not identify any material exceptions.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of properties under development and completed properties held for sale	
The Group and the Company have RM5,265.9 million and RM1,178.2 million of properties under development respectively, as well as RM277.2 million and RM6.0 million of completed properties held for sale respectively as at the reporting date. The carrying amounts of the properties under development and completed properties held for sale have been classified as inventories in the financial statements of the Group and of the Company. The recoverability of properties under development and completed properties held for sale are assessed based on estimation of the net realisable value ("NRV") of the underlying properties. This involves considerable analyses of estimated costs to completion, committed contracts and expected future selling price based on prevailing market conditions such as current market prices of comparable standards and locations. We focused on the recoverability of the carrying amount of inventories because of the estimates made by management in determining the net realisable values of inventories. Based on management's assessment, the Group and the Company recognised a write-down of RM6.3 million and RM Nil respectively; and a write-off of RM3.1 million and RM Nil respectively in respect of inventories during the financial year. Refer to Notes 4(b), 7 and 21 to the financial statements.	We performed the following audit procedures: • We discussed with management on the basis used to write-down inventories at period end to its NRV. • For properties under development, we tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to-date. • Based on the approved project cost budgets, on a sample basis, we assessed the profitability of the projects for indication of NRV. • For those unsold development units which have recent sale transactions, we compared the carrying amount of these development units, on a sample basis, to the selling prices stated in the signed sale and purchase agreements, net of discounts given and an estimated selling cost. • For those unsold development units which did not have recent sale transactions, on a sample basis, we obtained the recently transacted prices of comparable development units in similar or nearby locations, and taking into consideration of the estimated cost necessary to complete the sales. Based on the above procedures performed, we noted no material exceptions.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Provision for onerous commitment	
The Group recorded a provision of RM172.2 million relating to a single onerous commitment on a property previously disposed. The onerous commitment is assessed by management to determine whether an onerous provision is required. Given the cash flows generated is not adequate to cover future commitments, this resulted in the requirement to recognise an onerous commitment in respect of the unavoidable net cash outflows. Management judgement was applied in relation to future disposal value and rental commitment, commitment period and discount rate used when assessing the level of provision required. We focused on valuation and completeness of the onerous commitment provision by assessing the judgements used in arriving at the level of provision made. Refer to Notes 4(f) and 35 to the financial statements.	We performed the following audit procedures: • We assessed the appropriateness of the projections by taking into consideration the rental income expected to be received from the third party and the rental rate for the commitment period set out in the rental agreement. • We tested the accuracy of the information used within the onerous commitment calculation by agreeing the inputs back to the source data, which includes rental rates, sub-lease income, commitment period and the net lettable area. • We assessed the appropriateness of the assumptions adopted in the calculation including discount rate used through comparison to appropriate external benchmarks (i.e. published interest rates). • We obtained a legal opinion prepared by the Group's legal advisor to understand the Group's legal obligations on this matter. • We assessed the appropriateness of the related disclosures in Note 35 of the financial statements. Based on the above procedures performed, we noted no material exceptions.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessments of non-financial assets with impairment indicators	
Management performed impairment assessments of the non-financial assets of the Group and of the Company, which had impairment indicators. Management prepared projected cash flow for impairment assessment of the non-financial assets of the Group and of the Company, which did not result in material losses or impairment during the financial year ended 31 December 2022, other than as reflected and disclosed in the financial statements. We focused on this area as the recoverable amounts of the non-financial assets are determined based on assessment of projected cash flows, in which the computation of the recoverable amount involves significant judgements and estimates. Refer to Notes 4(g), 11, 12, and 22 to the financial statements.	We performed the following audit procedures: • In determining the recoverable amounts of the non-financial assets, we have considered the following: – The cash flows available for distribution to the Group and the Company; and – The reliability and reasonableness of management's cash flows projections against the approved project's profitability. • Evaluated the input used in management's cash flow projections including timing of the completion of respective project phases and discount rate adopted. • Assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on the above procedures performed, we noted no material exceptions.

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 Statement on Risk Management and Internal Control, Risk Management Committee Report, Directors' Report and Management Discussion and Analysis, which we obtained prior to the date of this auditors' report, and Audit Committee Report, Corporate Governance Overview Statement, Sustainability Report, Chairman's Message and other sections of the 2022 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

(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 Group's and of the Company's internal control.

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

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

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(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.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 43 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF
02910/02/2025 J
Chartered Accountant

Kuala Lumpur
23 March 2023

Statements of Profit or Loss

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

		Group		Company	
	Note	2022	2021 Restated	2022	2021
Revenue	6	**2,742,136**	2,216,557	**642,672**	505,791
Cost of sales	7	**(1,915,563)**	(1,627,265)	**(123,053)**	(128,028)
Gross profit		**826,573**	589,292	**519,619**	377,763
Other operating income	8	**22,368**	12,752	**2,349**	2,484
Selling and marketing expenses	9	**(118,065)**	(88,985)	**(17,035)**	(6,299)
Administrative and other expenses	9	**(243,036)**	(195,376)	**(287,752)**	(164,067)
Operating profit		**487,840**	317,683	**217,181**	209,881
Share of results of joint ventures	11	**(27,756)**	(17,533)	**–**	–
Share of results of associates	12	**1,661**	1,774	**–**	–
Other (losses)/gains	13	**(11,508)**	(29,205)	**41,646**	(4,264)
Profit before interest and taxation		**450,237**	272,719	**258,827**	205,617
Finance income	14	**105,996**	102,773	**58,688**	59,489
Finance costs	15	**(97,373)**	(94,997)	**(54,809)**	(43,228)
Profit before taxation		**458,860**	280,495	**262,706**	221,878
Taxation	16	**(147,162)**	(118,197)	**(1,384)**	(11,622)
Profit for the financial year		**311,698**	162,298	**261,322**	210,256
Profit for the financial year attributable to:					
– owners of the Company		**315,839**	146,893	**261,322**	210,256
– non-controlling interests		**(4,141)**	15,405	**–**	–
		311,698	162,298	**261,322**	210,256
Basic and diluted earnings per share attributable to owners of the Company (Sen)	17	**4.6**	2.2		

The notes on pages 242 to 345 form an integral part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

		Group		Company	
	Note	2022	2021 Restated	2022	2021
Profit for the financial year		**311,698**	162,298	**261,322**	210,256
Other comprehensive income/(loss)					
Items which will subsequently be reclassified to profit or loss (net of tax):					
Currency translation differences		**(141,567)**	62,815	**–**	–
Reclassified to profit or loss					
Currency translation differences on repayment of net investments		**777**	–	**–**	–
Currency translation differences on disposal of a subsidiary		**(1,654)**	–	**–**	–
		(877)	–	**–**	–
Items which will not subsequently be reclassified to profit or loss (net of tax):					
Share of other comprehensive income/(loss) of an associate	12	**979**	(2,658)	**–**	–
Net changes in the fair value of investment at fair value through other comprehensive income ("FVOCI")	23	**1,279**	(775)	**(4,785)**	(775)
		2,258	(3,433)	**(4,785)**	(775)
Other comprehensive (loss)/income for the financial year		**(140,186)**	59,382	**(4,785)**	(775)
Total comprehensive income for the financial year		**171,512**	221,680	**256,537**	209,481
Total comprehensive income for the financial year attributable to:					
– owners of the Company		**175,334**	205,945	**256,537**	209,481
– non-controlling interests		**(3,822)**	15,735	**–**	–
		171,512	221,680	**256,537**	209,481

The notes on pages 242 to 345 form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2022

Amounts in RM thousand unless otherwise stated

		Group		
	Note	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
NON-CURRENT ASSETS				
Property, plant and equipment	19	**586,343**	615,247	626,178
Investment properties	20	**1,085,200**	987,286	922,085
Inventories	21	**4,016,559**	3,869,520	4,474,282
Joint ventures	11	**2,885,238**	3,300,352	2,601,946
Associates	12	**148,557**	145,068	145,177
Investments	23	**48,633**	53,418	56,276
Intangible assets	24	**6,577**	7,258	5,721
Deferred tax assets	25	**601,790**	620,605	614,928
Receivables	26	**102,718**	84,189	91,133
Contract assets	27	**1,199,242**	1,248,336	1,255,602
		10,680,857	10,931,279	10,793,328
CURRENT ASSETS				
Inventories	21	**1,527,278**	1,922,797	1,760,043
Receivables	26	**862,615**	716,198	625,377
Contract assets	27	**1,154,273**	1,097,673	1,123,772
Prepayments		**12,002**	15,468	7,794
Tax recoverable		**40,367**	28,832	32,203
Cash held under Housing Development Accounts	28	**386,092**	291,466	345,486
Bank balances, deposits and cash	29	**599,225**	618,198	456,351
		4,581,852	4,690,632	4,351,026
TOTAL ASSETS		**15,262,709**	15,621,911	15,144,354

Statements of Financial Position

As at 31 December 2022

Amounts in RM thousand unless otherwise stated

		Group		
	Note	**31.12.2022**	**31.12.2021 Restated**	**01.01.2021 Restated**
EQUITY				
Share capital	30	**6,800,839**	6,800,839	6,800,839
Fair value reserve		**33,976**	31,718	35,151
Exchange reserve		**(37,718)**	105,045	42,560
Retained profits		**2,722,621**	2,474,790	2,395,905
ATTRIBUTABLE TO OWNERS OF THE COMPANY		**9,519,718**	9,412,392	9,274,455
Non-controlling interests	31	**125,078**	141,576	134,641
TOTAL EQUITY		**9,644,796**	9,553,968	9,409,096
NON-CURRENT LIABILITIES				
Payables	32	**72,134**	82,831	79,184
Borrowings	33	**2,283,984**	2,756,363	3,033,927
Lease liabilities	34	**24,149**	45,936	66,057
Provisions	35	**152,565**	136,612	131,188
Contract liabilities	27	**253,164**	243,757	244,937
Deferred tax liabilities	25	**316,650**	320,359	312,227
		3,102,646	3,585,858	3,867,520
CURRENT LIABILITIES				
Payables	32	**1,296,619**	1,016,242	1,248,094
Borrowings	33	**753,861**	1,075,237	292,542
Lease liabilities	34	**21,447**	20,812	16,880
Provisions	35	**82,530**	110,101	116,681
Contract liabilities	27	**332,895**	230,757	134,241
Tax provision		**27,915**	28,936	59,300
		2,515,267	2,482,085	1,867,738
TOTAL LIABILITIES		**5,617,913**	6,067,943	5,735,258
TOTAL EQUITY AND LIABILITIES		**15,262,709**	15,621,911	15,144,354

Statements of Financial Position

As at 31 December 2022

Amounts in RM thousand unless otherwise stated

		Company	
	Note	2022	2021
NON-CURRENT ASSETS			
Property, plant and equipment	19	**16,799**	20,600
Subsidiaries	22	**8,040,202**	7,911,038
Inventories	21	**1,076,741**	1,057,817
Joint ventures	11	**–**	–
Associates	12	**49,152**	47,223
Investments	23	**48,633**	53,418
Intangible assets	24	**5,057**	5,724
Deferred tax assets	25	**35,498**	25,876
Receivables	26	**1,343,107**	1,490,088
		10,615,189	10,611,784
CURRENT ASSETS			
Inventories	21	**107,502**	104,111
Receivables	26	**322,685**	492,496
Contract assets	27	**19,027**	38,583
Prepayments		**349**	3,514
Tax recoverable		**–**	5,561
Cash held under Housing Development Accounts	28	**20,878**	17,290
Bank balances, deposits and cash	29	**143,369**	86,573
		613,810	748,128
TOTAL ASSETS		**11,228,999**	11,359,912

Statements of Financial Position

As at 31 December 2022

Amounts in RM thousand unless otherwise stated

		Company	
	Note	2022	2021
EQUITY			
Share capital	30	**6,800,839**	6,800,839
Fair value reserve		**13,133**	17,918
Retained profits		**2,503,854**	2,310,540
ATTRIBUTABLE TO OWNERS OF THE COMPANY/ TOTAL EQUITY		**9,317,826**	9,129,297
NON-CURRENT LIABILITIES			
Payables	32	**–**	6,667
Borrowings	33	**1,097,286**	1,163,641
Lease liabilities	34	**107**	8,012
Provisions	35	**4,025**	–
		1,101,418	1,178,320
CURRENT LIABILITIES			
Payables	32	**329,124**	174,793
Borrowings	33	**373,627**	773,041
Lease liabilities	34	**7,904**	7,662
Provisions	35	**9,551**	4,025
Contract liabilities	27	**88,328**	92,774
Tax payable		**1,221**	–
		809,755	1,052,295
TOTAL LIABILITIES		**1,911,173**	2,230,615
TOTAL EQUITY AND LIABILITIES		**11,228,999**	11,359,912

The notes on pages 242 to 345 form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

Group	Note	Share capital	Fair value reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
2022								
At 1 January 2022								
– as previously stated		**6,800,839**	**31,718**	**104,133**	**2,204,704**	**9,141,394**	**185,143**	**9,326,537**
– effect of change in accounting policy and prior year adjustment	44	**–**	**–**	**912**	**270,086**	**270,998**	**(43,567)**	**227,431**
As restated		**6,800,839**	**31,718**	**105,045**	**2,474,790**	**9,412,392**	**141,576**	**9,553,968**
Profit/(loss) for the financial year		**–**	**–**	**–**	**315,839**	**315,839**	**(4,141)**	**311,698**
Other comprehensive income/(loss) for the year		**–**	**2,258**	**(142,763)**	**–**	**(140,505)**	**319**	**(140,186)**
Total other comprehensive income/(loss) for the financial year		**–**	**2,258**	**(142,763)**	**315,839**	**175,334**	**(3,822)**	**171,512**
Transactions with owners:								
– dividends paid	18	**–**	**–**	**–**	**(68,008)**	**(68,008)**	**(10,772)**	**(78,780)**
– disposal of a subsidiary		**–**	**–**	**–**	**–**	**–**	**(1,904)**	**(1,904)**
At 31 December 2022		**6,800,839**	**33,976**	**(37,718)**	**2,722,621**	**9,519,718**	**125,078**	**9,644,796**
2021								
Restated								
At 1 January 2021								
– as previously stated		6,800,839	35,151	42,046	2,135,808	9,013,844	179,529	9,193,373
– effect of change in accounting policy and prior year adjustment	44	–	–	514	260,097	260,611	(44,888)	215,723
As restated		6,800,839	35,151	42,560	2,395,905	9,274,455	134,641	9,409,096
Profit for the financial year		–	–	–	146,893	146,893	15,405	162,298
Other comprehensive (loss)/income for the year		–	(3,433)	62,485	–	59,052	330	59,382
Total other comprehensive (loss)/income for the financial year		–	(3,433)	62,485	146,893	205,945	15,735	221,680
Transactions with owners:								
– dividends paid	18	–	–	–	(68,008)	(68,008)	(8,800)	(76,808)
At 31 December 2021		6,800,839	31,718	105,045	2,474,790	9,412,392	141,576	9,553,968

Statements of Changes in Equity

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

Company	Note	Share capital	Fair value reserve	Retained profits	Total equity
2022					
At 1 January 2022		**6,800,839**	**17,918**	**2,310,540**	**9,129,297**
Profit for the financial year		**–**	**–**	**261,322**	**261,322**
Other comprehensive loss for the financial year		**–**	**(4,785)**	**–**	**(4,785)**
Total comprehensive (loss)/income for the financial year		**–**	**(4,785)**	**261,322**	**256,537**
Transactions with owners:					
– dividend paid	18	**–**	**–**	**(68,008)**	**(68,008)**
At 31 December 2022		**6,800,839**	**13,133**	**2,503,854**	**9,317,826**
2021					
At 1 January 2021		6,800,839	18,693	2,168,292	8,987,824
Profit for the financial year		–	–	210,256	210,256
Other comprehensive loss for the financial year		–	(775)	–	(775)
Total comprehensive (loss)/income for the financial year		–	(775)	210,256	209,481
Transactions with owners:					
– dividend paid	18	–	–	(68,008)	(68,008)
At 31 December 2021		6,800,839	17,918	2,310,540	9,129,297

The notes on pages 242 to 345 form an integral part of these financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2022	2021 Restated	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		**311,698**	162,298	**261,322**	210,256
Adjustments for:					
Share of results of:					
– joint ventures		**27,756**	17,533	**–**	–
– associates		**(1,661)**	(1,774)	**–**	–
Amortisation of intangible assets		**2,420**	1,955	**1,723**	1,586
Depreciation of property, plant and equipment		**29,587**	33,489	**9,310**	9,218
Net write-down of inventories		**6,270**	1,882	**–**	–
Gain on disposal of:					
– subsidiaries		**(53,020)**	–	**–**	–
– property, plant and equipment		**(2)**	–	**(3)**	–
Net changes in fair value on investment properties		**51,601**	25,737	**–**	–
Net impairment losses on trade and other receivables		**2,764**	(1,503)	**83,939**	(2,035)
Loss on lease modification		**12,788**	–	**–**	–
Provisions		**11,023**	1,788	**9,551**	4,025
Finance income		**(105,996)**	(102,773)	**(58,688)**	(59,489)
Finance costs		**97,373**	94,997	**54,809**	43,228
Taxation		**147,162**	118,197	**1,384**	11,622
Foreign currency exchange loss/(gain)		**138**	–	**(42,515)**	(5,832)
Other items [note (a)]		**2,699**	4,877	**(296,326)**	10,045
		542,600	356,703	**24,506**	222,624
Changes in working capital:					
– inventories		**34,722**	383,408	**(22,315)**	24,173
– receivables and prepayments		**177,837**	(87,549)	**72,435**	(8,977)
– contract assets and contract liabilities		**76,460**	221,897	**15,110**	27,637
– payables and provisions		**338,862**	(237,890)	**24,503**	667
		1,170,481	636,569	**114,239**	266,124
Tax paid		**(155,026)**	(142,733)	**(4,224)**	(11,766)
Others		**–**	504	**–**	345
Net cash from operating activities		**1,015,455**	494,340	**110,015**	254,703

Statements of Cash Flows

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

	Note	Group 2022	Group 2021 Restated	Company 2022	Company 2021
CASH FLOWS FROM INVESTING ACTIVITIES					
Finance income received		**14,869**	8,871	**58,688**	58,722
Proceeds from sale of:					
– property, plant and equipment		**5,034**	–	**3**	–
– investment properties		**–**	1,020	**–**	–
Purchase of:					
– property, plant and equipment		**(11,280)**	(5,491)	**(5,509)**	(2,606)
– investment properties		**(15,951)**	(9,030)	**–**	–
– intangible assets		**(1,739)**	(3,492)	**(1,056)**	(2,682)
Advances to an associate		**(1,304)**	–	**(1,304)**	–
Repayment from subsidiaries		**–**	–	**321,545**	–
Advances to subsidiaries		**–**	–	**(116,125)**	(203,860)
Subscription of shares in subsidiaries		**–**	–	**(217,789)**	(781,729)
Net cash inflow from disposal of subsidiaries		**8,451**	–	**–**	–
Subscription of additional interest in joint ventures		**(330,618)**	(660,779)	**–**	–
Capital repayment from:					
– subsidiaries		**–**	–	**92,685**	323
– a joint venture		**366,480**	–	**–**	–
– an investment		**6,064**	–	**–**	–
Dividends received from investments, subsidiaries, joint ventures and associates		**7,260**	–	**251,785**	–
Net cash from/(used in) investing activities		**47,266**	(668,901)	**382,923**	(931,832)
CASH FLOW FROM FINANCING ACTIVITIES					
Finance costs paid		**(128,880)**	(133,848)	**(54,909)**	(42,101)
Borrowings raised	33	**12,266**	98,791	**–**	–
Repayments of borrowings	33	**(385,419)**	(325,252)	**(67,000)**	(67,000)
Revolving credits:					
– raised	33	**215,469**	736,929	**215,469**	708,929
– repaid	33	**(599,623)**	–	**(571,623)**	–
Repayments of lease liabilities	34	**(22,299)**	(17,422)	**(7,663)**	(7,431)
Net advances from subsidiaries	32	**–**	–	**121,180**	17,334
Dividends paid on ordinary shares		**(68,008)**	(68,008)	**(68,008)**	(68,008)
Dividends paid to non-controlling interests		**(10,772)**	(8,800)	**–**	–
Net cash (used in)/from financing activities		**(987,266)**	282,390	**(432,554)**	541,723

Statements of Cash Flows

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

	Note	Group 2022	Group 2021 Restated	Company 2022	Company 2021
Net increase/(decrease) in cash and cash equivalents		**75,455**	107,829	**60,384**	(135,406)
Foreign exchange differences		**198**	(2)	**–**	–
Cash and cash equivalents at the beginning of the financial year		**909,664**	801,837	**103,863**	239,269
Cash and cash equivalents at the end of the financial year [note (b)]		**985,317**	909,664	**164,247**	103,863

	Group 2022	Group 2021 Restated	Company 2022	Company 2021
a. Other items:				
Net impairment losses on:				
– property, plant and equipment	**3**	415	**–**	–
– investment in subsidiaries	**–**	–	**3,317**	8,128
– contract assets	**–**	(70)	**–**	–
– quoted investment	**–**	2,083	**–**	2,083
Write-off of:				
– property, plant and equipment	**1**	98	**–**	–
– inventories	**3,125**	2,543	**–**	162
Loss from liquidation of subsidiaries	**–**	–	**22**	17
Dividend income	**(430)**	(192)	**(299,665)**	–
Others	**–**	–	**–**	(345)
	2,699	4,877	**(296,326)**	10,045

	Note	Group 2022	Group 2021 Restated	Company 2022	Company 2021
b. Cash and cash equivalents at the end of the financial year:					
Cash held under Housing Development Accounts	28	**386,092**	291,466	**20,878**	17,290
Bank balances, deposits and cash	29	**599,225**	618,198	**143,369**	86,573
		985,317	909,664	**164,247**	103,863

The notes on pages 242 to 345 form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

1 GENERAL INFORMATION

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, investment and asset management and leisure. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 43.

There has been no significant change in the principal activities of the Group and the Company during the financial year.

2 BASIS OF PREPARATION

The financial statements of the Group and the Company are prepared in accordance with the requirements of the Companies Act 2016 in Malaysia and comply with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies in Note 3. The financial statements are presented in Ringgit Malaysia in thousands (RM thousand) unless otherwise stated.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

a. Accounting pronouncements that are adopted during the financial year

i. Amendments that are effective and adopted during the financial year:

Amendments to MFRS 3 – Reference to Conceptual Framework
Amendments to MFRS 116 – Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137 – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS 1 – Subsidiary as First-time Adopter
Annual Improvements to MFRS 9 – Fees in the '10 percent' Test for Derecognition of Financial Liabilities
Annual Improvements to Illustrative Example accompanying MFRS 16 – Leases: Lease Incentives

The adoption of the above did not result in any significant changes to the Group's results and financial position.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

2 BASIS OF PREPARATION (CONTINUED)

b. Accounting pronouncements that are not yet effective and have not been early adopted

i. New standard and amendments that are effective after 1 January 2023:

MFRS 17 and related amendments	Insurance Contracts
Amendments to MFRS 17 Insurance Contracts	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback

The Group and the Company is currently assessing the financial impact for the above new standard and amendments.

ii. The effective date for the amendment to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) has been deferred to a date to be determined by MASB.

c. Change in accounting policy

During the financial year, the Group had reassessed the current accounting policy for investment properties and had changed its accounting policy on the subsequent measurement of the Group's investment properties from the cost model to the fair value model. The fair value model provides better financial performance measures, allows the Group's results to be more comparable with its peers which adopt the fair value model, and is in line with the Group's business strategy to grow its assets under management.

The impact on the change in accounting policy is shown in Note 44.

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES

These significant accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial year presented, unless otherwise stated.

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the date of acquisition and any corresponding gain or loss is recognised in the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated on consolidation to the extent of the cost of the asset that can be recovered, and the balance is recognised in the profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statements of changes in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of its net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Notes to the Financial Statements

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Basis of consolidation (continued)

ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting. Under the predecessor method of merger accounting, the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying amount of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

iii. Joint ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where its strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. Equity method is discontinued when the carrying amount of the joint venture reaches zero, or reaches the limit of the obligations in the case where the Group has incurred legal or constructive obligations in respect of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures, and among the joint ventures, are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment loss on the assets transferred are recognised in profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the exchange reserve that relate to the joint venture is recognised in the profit or loss as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal. Shareholder's advances to joint ventures of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investments in the joint ventures.

Notes to the Financial Statements
For the financial year ended 31 December 2022

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Basis of consolidation (continued)

iv. Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investment in associates are accounted for using the equity method, similar to Note 3(a)(iii) above.

b. Foreign currencies

i. Presentation and functional currency

Ringgit Malaysia is the presentation currency of the Group and the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

ii. Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in the profit or loss.

iii. Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal (via capital repayment or disposal of shares) without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

Notes to the Financial Statements
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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to the profit or loss.

Freehold land is not depreciated as it has indefinite life. Assets in the course of construction are shown as work in progress. Depreciation on these assets commences when they are ready for use. Other property, plant and equipment are depreciated on a straight-line basis to write-down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 35 to 99 years
Buildings	2% to 5%, or over the lease term if shorter
Plant and machinery	20% to 33.3%
Vehicles, equipment and fixtures	20% to 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

d. Investment properties

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

Investment property is measured initially at its cost, including transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The Group accounts for the land and building as a single unit of account for investment properties. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Investment properties (continued)

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under current market conditions.

Subsequent expenditure is recognised 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 expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

If a property undergoes a change in use and becomes an investment property, any difference resulting between the carrying amount of the property and the fair value of such investment property at the date of transfer is recognised in accordance with the applicable MFRS. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

e. Right-of-use ("ROU") assets

The right to use an underlying asset for the lease term is recognised as a ROU asset.

The cost of ROU includes an amount equal to the lease liability at the inception of the lease, lease payments made at or before commencement date less lease incentives received, initial direct costs incurred and an estimate of costs to restore, dismantle and remove the underlying asset or to restore the site on which it is located.

ROUs that are not investment properties are presented under property, plant and equipment and are stated at cost less accumulated amortisation and accumulated impairment losses. The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Group (refer to Note (d)).

The upfront payment represent prepaid lease payments for lease of land and building is amortised on the straight-line basis over the lease period.

f. Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates and loans, which are treated as part of the Company's net investment in the investee, are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over their contractual periods or estimated useful lives once they are available for use. The annual amortisation rates are 5% to 33.3%. Intangible assets that is in the course of development are not amortised as these assets are not yet available for use.

h. Inventories

i. Land held for property development

Land held for property development where development activities are not expected to be completed within the normal operating cycle, is classified as non-current and carried at the lower of cost and net realisable value.

The cost includes cost of land and development costs common to the whole project.

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

ii. Property development costs

Property development costs are stated at the lower of cost and net realisable value. The cost includes cost of land, related development costs common to whole project and direct building costs less cumulative amounts recognised as cost of sales in the profit or loss.

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

iii. Completed development units

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value.

iv. Finished goods, raw materials and consumable stores

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

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

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Financial assets

The Group's and the Company's financial assets are classified into three categories and the accounting policy for each of these categories are as follows:

i. Amortised cost

Receivables, amounts due from subsidiaries, cash held under Housing Development Accounts and bank balances, deposits and cash are held for collection of contractual cash flows. Their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value at inception plus transaction cost and thereafter at amortised cost less accumulated impairment losses.

Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

ii. Fair value through profit or loss ("FVTPL") and Fair value through other comprehensive income ("FVOCI")

Investments in quoted equity instruments are measured at FVTPL. The investments are recorded initially at fair value plus transaction cost and thereafter, they are measured at fair value. Changes in the fair value and dividend income from the investment are recognised in profit or loss.

At initial recognition, the Group and the Company elected to designate the investments in unquoted equity instruments as financial assets measured at FVOCI. The investments are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Changes in fair value of the investments are recognised in other comprehensive income, whilst dividend income are recognised in profit or loss. On derecognition of the investment measured at FVOCI, the fair value reserve is transferred to retained profits.

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. For financial assets measured at FVTPL and FVOCI, the classification is based on expected date of realisation of the assets.

Regular way of purchase or sale of a financial asset is recognised on the settlement date i.e. the date that an asset is delivered to or by the Group and the Company. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

j. Assets held for sale

Assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Depreciation ceases when an asset is classified as asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

Notes to the Financial Statements

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and concession arrangement, contract asset is the excess of cumulative revenue earned over the billings to date, for which the billings to-date are based on progress milestone set out in the contract or agreement with the customers. Contract asset is stated at cost less accumulated impairment losses.

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer. In the case of property development and concession arrangement, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include the golf club membership fees, down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

l. Impairment

Intangible assets that have an indefinite useful life or are not yet available for use are tested for impairment. Other non-financial assets, investment in subsidiaries and interest in joint ventures and associates are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets and contract assets, impairment loss is recognised based on expected credit losses.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment losses are as follows:

i. Non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment loss on non-financial assets is charged to profit or loss.

Assets that were previously impaired are reviewed for possible reversal of the impairment losses at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial years.

ii. Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal.

Any subsequent increase in recoverable amount is recognised in the profit or loss.

Amounts in RM thousand unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Impairment (continued)

The recognition and measurement of impairment losses are as follows: (continued)

iii. Financial assets and contract assets

An impairment loss is recognised based on expected credit losses and is charged to profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment loss not been recognised previously.

The Group and the Company apply the simplified approach to measure the impairment losses on trade receivables and contract assets at lifetime expected credit losses ("Lifetime ECL"). Expected credit losses of all other financial assets are measured at an amount equal to 12 month expected credit losses ("12 - month ECL") if credit risk on a financial asset has not increased significantly. The Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition to ascertain whether there is a significant increase in credit risk. The assessment takes into consideration the macroeconomic information, credit rating and other supportable forward-looking information.

A significant increase in credit risk is presumed if a debt is more than 180 days past due. Where the credit risk has increased significantly, the impairment loss is measured at an amount equal to lifetime expected credit losses ("Lifetime ECL – Underperforming").

Full impairment losses are made for financial assets and contract assets that are determined to be credit-impaired ("Lifetime ECL – Credit Impaired"). These are debtor who have defaulted on payments and are in financial difficulties.

Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive over the lifetime of the financial instrument.

m. Share capital

Proceeds from shares issued are accounted for in equity. Cost directly attributable to the issuance of new equity shares are deducted from equity.

Dividends to owners of the Company and non-controlling interests are recognised in the statements of changes in equity in the financial year in which they are paid or declared.

n. Provisions

Provisions are recognised when the Group and the Company have a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provisions due to the passage of time is recognised as finance costs.

The Group and the Company recognise provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Notes to the Financial Statements
For the financial year ended 31 December 2022

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Employee costs

i. Short-term employee benefits

Wages, salaries and paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

ii. Defined contribution plans

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

The Group has various defined contribution plans in accordance with local conditions and practices in the countries in which it operates. The Group's and the Company's contributions to defined contribution plans are charged to the profit or loss in the financial year in which they relate.

iii. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary separation.

p. Financial liabilities

The Group's and the Company's borrowings and payables are classified as financial liabilities measured at amortised cost. They are measured initially at fair value net of transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

q. Leases

Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease.

Except under Amendment to MFRS 16 – Covid-19 – Related Rent Concessions where the Group has elected to apply the practical expedient to recognise the rent concession as a variable lease payment, lease liabilities are remeasured when there is a change in the lease term, a revision to the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The amount of remeasurement of the lease liability is adjusted to the ROU. If the carrying amount of ROU is reduced to zero, any further reduction in the measurement of the lease liability is recognised in the profit or loss.

Interest on the lease liability and variable lease payments not included in the measurement of the lease liability are recognised in profit or loss.

Short-term leases of 12 months or less at the commencement date and leases for which the underlying asset is of low value are not recognised as ROU and lease liabilities. Lease payments associated with those leases are charged to the profit or loss on a straight-line basis over the lease term.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits held at call with banks and cash held under Housing Development Accounts. Bank overdrafts, if any, are included within borrowings in current liabilities on the statements of financial position.

s. Revenue recognition

i. Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement, net of expected liquidated ascertained damages ("LAD") payment.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements. The purchasers could enforce its rights to the promised properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to date, are entitled to continue to transfer to the customer the development units promised, and have the rights to complete the construction of the properties and enforce its rights to full payment.

The Group and the Company recognise sales at a point in time for the sale of completed properties when the control of the properties has been transferred to the purchasers and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange for the assets sold.

Notes to the Financial Statements
For the financial year ended 31 December 2022

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. Revenue recognition (continued)

ii. Revenue from concession arrangement

Revenue from the supply of teaching equipment is recognised when:

- the Group has delivered and transferred the physical possession of the asset and has a present right to payment for the asset; and
- the customer has accepted the assets after these assets have been tested and commissioned and the customer has significant risks and rewards of ownership of the asset.

Maintenance service charges are recognised over the period which the services are rendered.

iii. Revenue from leisure

Revenue from golf club activities consist of golfing, golf club membership fees, driving range, sports and other recreation facilities and sale of golfing equipment, which are separate performance obligation. Golf club membership fees is received upfront and recognised on a straight-line basis over the tenure of the membership.

Revenue from sale of food and beverages is recognised when consideration is received or receivable upon delivery of goods and services, net of discounts and indirect taxes.

iv. Rental income

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

v. Interest income

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

vi. Dividend income

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

vii. Management fees

Management fee is recognised over time during the period in which the services are rendered.

Notes to the Financial Statements

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

i. expenditure for the asset is being incurred;
ii. borrowing costs are being incurred; and
iii. activities that are necessary to prepare the assets for its intended use or sale are in progress.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed. Properties under construction where control of these properties is transferred over time are excluded as qualifying assets for the purposes of borrowing cost capitalisation.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

u. Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge for the Group and for the Company is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such balances and transactions are between Group companies within a single segment. Inter-segment pricing is based on similar terms as those available to external parties.

w. Contingent liabilities

The Group and the Company do not recognise contingent liabilities, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events which existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and 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 the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conforming to MFRS and IFRS require the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

a. Revenue and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

Where control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the project progress as the certification of the physical progress of each phase are based on methodologies employed by, and the expert judgement of, the professional consultants.

During the financial year ended 31 December 2022, for activities recognised over time using the stage of completion method, the Group and the Company recognised revenue of RM2,224.1 million (2021: RM1,620.3 million) and RM175.8 million (2021: RM125.3 million) respectively and cost of RM1,571.1 million (2021: RM1,169.1 million) and RM114.1 million (2021: RM99.3 million) respectively.

Notes to the Financial Statements
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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

b. Write-down and write-off of inventories to net realisable value

The Group and the Company write-down the inventories to their net realisable values based on the estimated selling prices by reference to recent sales transactions of similar properties or comparable properties in similar or nearby locations net of the estimated cost necessary to complete the sale. For inventories of property development costs, the estimated cost necessary to complete the property have been considered. The Group considered the current economic outlook, future property market conditions and adjustment factors such as the size and demand (ceiling price) of the particular properties in determining its net realisable values.

The Group and the Company also write-off the development costs based on the latest pipeline launches, which depends on various factors, such as changes to development plans due to replanning, zoning issues with local authorities, etc and is therefore subject to significant inherent uncertainties.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the selling price and the related cost to complete the sale, the estimates may differ from the actual transactions achieved in future periods and these differences may, in certain circumstances, be significant.

During the financial year ended 31 December 2022, the Group had written down inventories by RM6.3 million (2021: RM1.9 million). The Group and the Company have also written-off inventories by RM3.1 million (2021: RM2.5 million) and RM Nil (2021: RM0.2 million) respectively.

c. Capitalisation of borrowing costs

The Group capitalises borrowing costs that are directly attributable to the property development activities. The Group ceases the capitalisation of the borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Significant judgement is involved in determining whether the development activities carried out meet the criteria for capitalisation of borrowing costs and, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

During the financial year ended 31 December 2022, the Group capitalised RM48.2 million (2021: RM47.5 million) borrowing costs into inventories.

Notes to the Financial Statements
For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

d. Deferred tax assets

Deferred tax assets arose mainly from property development, unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences or unutilised tax losses and tax credits can be utilised. This involves judgement regarding the future taxable profits of a particular entity in which the deferred tax asset has been recognised.

Deferred tax assets relating to property development are mainly attributable to unrealised profits reversed at the Group level, which arose from disposal of lands within the Group. Deferred taxation on unrealised profits are charged to the profit or loss upon sales of developed units to the customers.

The future taxable profits are determined based on the expected future profits arising from the Group's property development projects including other income expected to be generated from these projects. In evaluating whether it is probable that future taxable profits will be available, all available evidences were considered, including the approved budgets and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and measurement of the Group's performance.

The deferred tax assets recognised are disclosed in Note 25.

e. Fair value of investment properties

The valuations of the Group's investment properties were performed by independent external valuers. There are complexities in determining the fair value of the investment properties, which involve significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumptions to be applied. The list of significant unobservable inputs and its sensitivity analysis are disclosed in Note 20(c) to the financial statements.

The Directors are of the view that the fair value of certain investment properties under early stage of development are not reliably determinable as at the reporting date, given the various valuation adjustments to be made due to the early stages of construction which are highly judgemental and contingent upon various unknown factors. As these properties will take substantial time to complete, there are uncertainties attached to the reliability of the assumptions adopted for valuation, such as the gross rental rate, developer's profit margin, discount rate, void rate and market capitalisation rate.

f. Provisions

The Group recognises provision arising from development projects including obligation from the disposal of a property in financial year 2017 and obligations for relocation, rectification and construction costs.

Estimates and assumptions are involved in assessing the provisions. The Group evaluates the provision based on the status of ongoing negotiations, inputs from consultants and past experiences. Changes in assumptions and future events could cause the value of these provisions to change. Details of the provisions are disclosed in Note 35.

Amounts in RM thousand unless otherwise stated

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

g. Impairment losses on cost of investment in subsidiaries and recoverability of amount due from subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries are impaired at the end of each reporting date. Impairment loss is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell and value-in-use for that asset. Value-in-use of asset is estimated using discounted cash flow analysis, considering market value indicators, recent arms-length market transactions and benchmark against valuation done by valuer. These estimates provide reasonable approximations to the computation of recoverable amounts.

As at 31 December 2022, the accumulated impairment losses on investment in subsidiaries and amount due from subsidiaries amounted to RM1,298.7 million (2021: RM1,340.8 million) and RM138.0 million (2021: RM54.6 million) respectively.

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES

a. Financial risk management

The Group's and the Company's operations expose them to a variety of financial risks, including interest rate risk, credit risk, liquidity and cash flow risk and foreign currency exchange risk. The Group's overall financial risk management policies seek to manage and minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group's and the Company's exposure to these financial risks are managed through risk reviews, internal control systems, insurance programmes and adherence to Group Policies and Authorities which are implemented on a group-wide basis. The Board regularly reviews these risks and approves the policies covering the management of these risks.

i. Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. The Group and the Company manage their interest rate risk by maintaining a mix of fixed and floating rate borrowings.

The interest-bearing assets are primarily the amounts due from joint ventures, associates and subsidiaries and short-term bank deposits with financial institutions. All interest-bearing amounts due to the Group and the Company bear interest at floating rate except those under negotiated terms where fixed rates are used after taking into account the borrower's risk profile. The interest rates on short-term bank deposits are monitored closely to ensure that the deposits are maintained at favourable rates and placements are made at varying maturities. The Group and the Company consider the risk of significant changes to interest rates to be low and the sensitivity is disclosed in Note 41(a).

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For the financial year ended 31 December 2022

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5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

ii. Credit risk

Financial assets that are primarily exposed to credit risk are receivables, contract assets and bank balances.

Credit risk arising from sales made on credit terms

The Group and the Company seek to control credit risk by dealing with counterparties with appropriate credit histories. Customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known. Credit terms and limit are set based on this assessment, and where appropriate, guarantees or securities are obtained to limit credit risk.

Credit risk arising from property development

The Group and the Company do not have any significant credit risk as its services and products are predominantly rendered and sold to a large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. Credit risks with respect to property purchasers with no end-financing facilities are limited as the ownership and rights to the properties revert to the Group and the Company in the event of default. The Group and the Company do not have any significant exposure to any individual or counterparty nor any major concentration of credit risk related to any financial instruments.

Credit risk arising from concession arrangements

The Group has concentration of credit risk arising from the outstanding receivables and contract assets under concession arrangement which are primarily from the Government of Malaysia. The Group monitors the trade receivables and contract assets on an ongoing basis and no additional credit risk beyond the amounts allowed for collection losses is inherent in the trade receivables of the Group.

Credit risk arising from property investment

Credit risk arising from outstanding receivables from tenants is minimised by closely monitoring their credit worthiness and credit period. In addition, the tenants have placed security deposits with the Group which act as collateral.

Credit risk arising from golfing and sporting activities

Concentration of credit risk with respect to amounts due from members is limited due to the large number of members, the security deposits paid by members and advance payment of annual licence fees for individual members. Sales to members are usually suspended when outstanding amounts are overdue exceeding 180 days.

Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks. The deposits are placed with credit worthy financial institutions. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Amounts in RM thousand unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

ii. Credit risk (continued)

Credit risk arising from other receivables

The Group's and the Company's historical experience in collection of other receivables fall within the recorded allowances. No additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and in the Company's other receivables.

Credit risk arising from subsidiaries, joint ventures and associates

The amounts due from subsidiaries, joint ventures and associates are monitored closely by the Group and the Company. The Group and the Company are of the view that the carrying amounts as at the reporting date are recoverable.

The Group's and the Company's maximum credit risk exposure are disclosed in Note 41(c).

iii. Liquidity and cash flow risks

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources and keeping an adequate amount of credit facilities to provide an ample liquidity cushion.

The Group and the Company perform quarterly twelve-months rolling cash flow projections to ensure that requirements are identified as early as possible so that the Group and the Company have sufficient cash to meet operational needs. Such projections take into consideration the Group's and the Company's financing plans and are also used for monitoring of covenant compliance.

The Group and the Company maintain centralised treasury functions where all funding requirements are managed. As at 31 December 2022, the Group and the Company have unutilised Islamic Medium Term Notes of RM3,700.0 million (2021: RM3,700.0 million). The Group and the Company also have unutilised credit facilities of RM1,679.1 million (2021: RM1,064.9 million) and RM1,675.1 million (2021: RM1,048.9 million) respectively which it can tap upon at an appropriate time.

Cash and cash equivalents of the Group and the Company comprise the following:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Cash held under Housing Development Accounts [Note 28]	**386,092**	291,466	**20,878**	17,290
Bank balances, deposits and cash [Note 29]	**599,225**	618,198	**143,369**	86,573
	985,317	909,664	**164,247**	103,863

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For the financial year ended 31 December 2022

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5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

iii. Liquidity and cash flow risks (continued)

The Group believes that its contractual obligations, including those shown in contingent liabilities, material litigation and capital commitments in Note 37 can be met from existing cash and investments, operating cash flows, credit lines available and other financing that the Group reasonably expects to be able to secure should the need arises.

Further details on the undiscounted contractual cash flows of the Group's and the Company's financial liabilities as at the reporting date are disclosed in Note 41(b).

iv. Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group has significant exposure to foreign currency translation risk due to its 40% interest in Battersea Project Holding Company Limited group in the United Kingdom. The Group does not enter into hedges for its long-term investment in foreign operations. Instead, the Group funds its investments with borrowings denominated in the same currencies as a natural hedge, where applicable, to minimise adverse impact arising from fluctuation in foreign currency exchange rates.

b. Capital management

Capital management refers to implementing measures to maintain sufficient capital to support its businesses. The Group's and the Company's capital management objectives are to ensure its ability to continue as a going concern, provide a competitive cost of capital and to maximise shareholders' value. The Group and the Company are committed towards optimising their capital structure, which includes balancing between debt and equity, and putting in place appropriate dividend and financing policies which influence the level of debt and equity.

i. Rating by External Rating Agency

Malaysian Rating Corporation Berhad has reaffirmed its $AA+_{IS}$ rating with a stable outlook on the Company's Islamic Medium Term Notes (IMTN) Programme of RM4.5 billion.

Notes to the Financial Statements
For the financial year ended 31 December 2022

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5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

b. Capital management (continued)

ii. Gearing ratios

The Group and the Company use the gearing ratio to assess the appropriateness of their debt levels, hence determining their capital structure. The Group and the Company maintain a debt to equity ratio that complies with debt covenants and regulatory requirements. The ratio is calculated as total debt divided by total equity.

The Group's and the Company's gearing ratios are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Borrowings				
– principal	**3,029,076**	3,821,154	**1,468,233**	1,933,257
– interest	**8,769**	10,446	**2,680**	3,425
Total borrowings	**3,037,845**	3,831,600	**1,470,913**	1,936,682
Lease liabilities	**45,596**	66,748	**8,011**	15,674
Total debt	**3,083,441**	3,898,348	**1,478,924**	1,952,356
Total equity	**9,644,796**	9,553,968	**9,317,826**	9,129,297
Gearing ratio	**32.0%**	40.8%	**15.9%**	21.4%

Given the moderate gearing level, the Group and the Company still have the capacity to borrow for expansion, provided an acceptable level of gearing ratio is maintained.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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6 REVENUE

	Group		Company	
	2022	**2021 Restated**	**2022**	**2021**
Revenue from contracts with customers	**2,663,767**	2,148,360	**337,911**	288,191
Revenue from other sources:				
– rental income from investment properties and other assets	**78,369**	68,197	**5,096**	4,147
– dividend income from subsidiaries	**–**	–	**298,308**	213,108
– dividend income from associates	**–**	–	**1,080**	–
– dividend income from an investment	**–**	–	**277**	345
	2,742,136	2,216,557	**642,672**	505,791
Disaggregation of the revenue from contract with customers:				
Property development	**2,543,650**	2,057,424	**193,079**	174,871
Concession arrangement:				
– maintenance service charges	**28,504**	29,851	**–**	–
– supply of teaching equipment	**432**	417	**–**	–
– others	**8,373**	6,969	**–**	–
Leisure:				
– golf club activities	**56,021**	38,263	**–**	–
– food and beverages	**22,600**	6,277	**–**	–
– others	**4,187**	9,159	**–**	–
Management fee charged to subsidiaries	**–**	–	**144,832**	113,320
	2,663,767	2,148,360	**337,911**	288,191
Geographical markets				
Malaysia	**2,663,767**	2,147,880	**337,686**	287,920
Vietnam	**–**	480	**–**	–
United Kingdom	**–**	–	**124**	56
Singapore	**–**	–	**101**	215
	2,663,767	2,148,360	**337,911**	288,191
Timing of revenue recognition				
Over time	**2,306,418**	1,681,342	**320,583**	238,638
At a point in time	**357,349**	467,018	**17,328**	49,553
	2,663,767	2,148,360	**337,911**	288,191

Revenue from contracts with customers of the Group and of the Company include RM230.8 million (2021: RM134.2 million) and RM92.8 million (2021: RM59.8 million) respectively that were included in contract liabilities at the beginning of the reporting period.

Notes to the Financial Statements
For the financial year ended 31 December 2022

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7 COST OF SALES

	Group		Company	
	2022	**2021 Restated**	**2022**	**2021**
Property development costs	**1,571,078**	1,169,053	**114,143**	99,341
Cost of completed development units sold	**102,336**	299,031	**–**	5,743
Write-down of inventories	**6,270**	1,882	**–**	–
Write-off of inventories	**3,125**	2,543	**–**	162
Other direct expenses	**119,623**	65,114	**6,848**	21,152
Cost under concession arrangement	**21,462**	20,040	**–**	–
Employee costs	**83,984**	61,623	**2,045**	1,614
Depreciation of property, plant and equipment	**6,254**	6,658	**17**	16
Amortisation of intangible assets	**236**	172	**–**	–
Rental of land and buildings	**330**	333	**–**	–
Hire of plant and machinery	**865**	816	**–**	–
	1,915,563	1,627,265	**123,053**	128,028

8 OTHER OPERATING INCOME

	Group		Company	
	2022	**2021**	**2022**	**2021**
Interest from stakeholders, customers and others	**9,609**	3,504	**622**	167
Forfeiture of deposits	**3,995**	1,566	**249**	68
Recoveries and claims	**1,403**	986	**–**	986
Rental income	**1,481**	922	**608**	552
Non-refundable tender deposits	**942**	813	**70**	53
Maintenance charges	**462**	574	**114**	125
Other miscellaneous income	**4,476**	4,387	**686**	533
	22,368	12,752	**2,349**	2,484

9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES

	Group		Company	
	2022	**2021 Restated**	**2022**	**2021**
Selling and marketing expenses	**118,065**	88,985	**17,035**	6,299
Administrative and other expenses	**243,036**	195,376	**287,752**	164,067
	361,101	284,361	**304,787**	170,366

Notes to the Financial Statements
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9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

	Group		Company	
	2022	**2021 Restated**	**2022**	**2021**
Selling, marketing, administrative and other expenses comprise the following:				
Depreciation, amortisation, impairment losses and write-off				
Depreciation of property, plant and equipment	**23,333**	26,831	**9,293**	9,202
Amortisation of intangible assets	**2,184**	1,783	**1,723**	1,586
Impairment losses on:				
– amount due from subsidiaries	**–**	–	**83,383**	–
– receivables	**4,591**	2,906	**556**	–
Reversal of impairment losses on receivables	**(1,827)**	(4,409)	**–**	(2,035)
Write-off of property, plant and equipment	**1**	98	**–**	–
	28,282	27,209	**94,955**	8,753
Auditors' remuneration				
Fees for statutory audits				
– PricewaterhouseCoopers PLT, Malaysia	**1,621**	1,360	**358**	280
– member firms of PricewaterhouseCoopers International Limited	**470**	505	**–**	–
– other firm	**144**	126	**–**	–
Fees for other assurance-related services				
– PricewaterhouseCoopers PLT, Malaysia	**354**	379	**269**	240
	2,589	2,370	**627**	520
Fees for non-audit services				
– PricewaterhouseCoopers PLT, Malaysia	**120**	124	**107**	34
– member firms of PricewaterhouseCoopers International Limited	**144**	350	**–**	–
	2,853	2,844	**734**	554
Employee and Directors costs				
Employee costs	**152,405**	116,553	**154,892**	105,546
Directors' fees and allowances	**3,400**	2,970	**3,400**	2,970
	155,805	119,523	**158,292**	108,516
Others				
Advertising and promotion	**73,906**	52,250	**15,163**	4,260
Sales commission and other selling expenses	**11,401**	10,770	**1,872**	2,039
Contribution to Yayasan Sime Darby	**20,000**	20,000	**(3,300)**	14,500
Rental of buildings	**92**	98	**–**	–
Hire of plant and machinery	**752**	510	**418**	331
IT related expenses	**16,281**	14,164	**15,543**	13,052
Other operating expenses	**51,729**	36,993	**21,110**	18,361
	174,161	134,785	**50,806**	52,543
Total	**361,101**	284,361	**304,787**	170,366

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10 EMPLOYEE AND DIRECTORS COSTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
Employee and Directors costs included in:				
– cost of sales	**83,984**	61,623	**2,045**	1,614
– selling, marketing, administrative and other expenses	**155,805**	119,523	**158,292**	108,516
	239,789	181,146	**160,337**	110,130
Staff:				
– salaries, allowances, overtime and bonus	**177,187**	134,144	**117,880**	80,857
– defined contribution plan	**27,942**	22,410	**17,890**	12,137
– training, insurance and other benefits	**26,627**	17,715	**16,534**	10,259
	231,756	174,269	**152,304**	103,253
Executive Directors:				
– salaries, allowances and bonus	**3,994**	3,376	**3,994**	3,376
– defined contribution plan	**639**	531	**639**	531
	4,633	3,907	**4,633**	3,907
Non-Executive Directors:				
– fees	**3,400**	2,970	**3,400**	2,970
Total	**239,789**	181,146	**160,337**	110,130

Non-Executive Directors fees include fees paid to Permodalan Nasional Berhad ("PNB") for the Chairman of the Company, whom is a nominee director representing PNB.

Estimated monetary value of benefits received by the Executive and Non-Executive Directors from the Company amounted to RM23,058 (2021: RM7,312) and RM317,792 (2021: RM234,254) respectively. The Directors did not receive any benefits from the subsidiaries.

During the financial year, a Director of the Company purchased a property amounting to RM1.9 million (2021: RM2.0 million).

Other than as disclosed above, there were no compensation to Directors for loss of office, no loans, quasi-loans and other dealings in favour of Directors and no material contracts subsisting as at 31 December 2022 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors.

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11 JOINT VENTURES

The Group's interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 43.

The Group's joint ventures are accounted for using the equity method in the financial statements.

In the opinion of the Directors, the joint ventures that are material to the Group are as follows:

Name of joint ventures	Description
Battersea Project Holding Company Limited ("Battersea")	Battersea is a joint venture between Setia International Limited, Kwasa Global (Jersey) Limited and Sime Darby Property (Hong Kong) Limited. Battersea was formed to acquire and develop the Battersea Power Station site in London, United Kingdom, which is a strategic investment for the Group to expand its footprint into a key international market for property development and investment.
Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) ("IDF" or "the Fund")	The IDF was formed, in partnership with LOGOS Property Group Limited ("LOGOS Property") as co-sponsor and investors in the Fund. The Fund is also anchored by Ombak Real Estate 2 Sdn Bhd ("OMBAK"), a wholly-owned subsidiary of Permodalan Nasional Berhad ("PNB"), and Kumpulan Wang Persaraan (Diperbadankan) ("KWAP"). The investment objective of the Fund is to make Shariah compliant investments, directly or indirectly, in real estate and real estate related assets for industrial and logistics purposes in Malaysia. The IDF will invest principally in the development of build-to-lease and/or build-to-sell industrial & logistics projects and real estate assets located primarily in Bandar Bukit Raja, Selangor, Malaysia.

The Group's investments in joint ventures are as follows:

Group	Material joint ventures	Others	Total
31.12.2022			
Share of results	**(24,295)**	**15,008**	**(9,287)**
Unrealised profit	**(18,469)**	**–**	**(18,469)**
Share of results after unrealised profit	**(42,764)**	**15,008**	**(27,756)**
Unquoted shares, at costs	**3,177,366**	**109,613**	**3,286,979**
Unrealised profit	**(72,335)**	**–**	**(72,335)**
Share of post-acquisition reserves	**(451,392)**	**57,590**	**(393,802)**
Shareholder's advances	**–**	**64,396**	**64,396**
Carrying amount as at 31 December 2022	**2,653,639**	**231,599**	**2,885,238**
Dividend income	**–**	**5,750**	**5,750**
Unrecognised share of loss:			
– At 1 January 2022	**–**	**35,920**	**35,920**
– Total for the financial year	**–**	**3,095**	**3,095**
– At 31 December 2022	**–**	**39,015**	**39,015**

Notes to the Financial Statements

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11 JOINT VENTURES (CONTINUED)

The Group's investments in joint ventures are as follows: (continued)

Group	**Material joint ventures**	**Others**	**Total**
31.12.2021			
Restated			
Share of results:			
As previously stated	(30,061)	483	(29,578)
Effect from adoption of FV model for IP [Note 44]	13,056	(1,011)	12,045
As restated	(17,005)	(528)	(17,533)
Unquoted shares, at costs	3,419,759	103,918	3,523,677
Share of post-acquisition reserves	(330,363)	42,642	(287,721)
Shareholder's advances	–	64,396	64,396
Carrying amount as at 31 December 2021	3,089,396	210,956	3,300,352
Dividend income	–	312	312
Unrecognised share of loss:			
– At 1 January 2021	–	21,740	21,740
– Total for the financial year	–	14,180	14,180
– At 31 December 2021	–	35,920	35,920
01.01.2021			
Restated			
Carrying amount as at 1 January 2021, as previously reported	2,371,918	104,183	2,476,101
Effect from adoption of FV model for IP [Note 44]	20,567	105,278	125,845
Carrying amount as at 1 January 2021	2,392,485	209,461	2,601,946

The Company's investment in a joint venture is as follows:

	Company	
	2022	**2021**
Unquoted shares, at costs	**125**	125
Shareholder's advance	**28,785**	28,785
Accumulated impairment losses	**(28,910)**	(28,910)
Carrying amount at the end of the financial year	**–**	–

The shareholder's advance to joint ventures of the Group and the Company are unsecured and interest free with no fixed term of repayment. The advance is considered as part of the Group's and the Company's investment in the joint venture.

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11 JOINT VENTURES (CONTINUED)

a. Material joint ventures of the Group

Summarised financial information

The information below reflects the amounts presented in the consolidated financial statements of the Group's material joint ventures.

i. The summarised statements of comprehensive income of the material joint ventures are as follows:

	IDF	Battersea	
	2022*	**2022**	**2021 Restated**
Revenue	–	**5,478,435**	1,802,670
Depreciation and amortisation	–	**(3,924)**	(3,552)
Finance income	**56**	**585**	820
Finance cost	**(725)**	**(38,252)**	(4,866)
Loss before taxation	**(5,758)**	**(52,672)**	(38,919)
Taxation	–	**(148)**	(3,594)
Loss for the financial year	**(5,758)**	**(52,820)**	(42,513)
Share of results	**(3,167)**	**(21,128)**	(17,005)

ii. The summarised statements of financial position of the material joint ventures are as follows:

	IDF	Battersea	
	2022*	**2022**	**2021 Restated**
Non-current assets	**395,526**	**3,123,328**	3,880,855
Current assets			
Cash and cash equivalents	**15,227**	**289,958**	921,628
Other current assets	**20,316**	**7,775,172**	11,147,392
	35,543	**8,065,130**	12,069,020
Non-current liabilities			
Financial liabilities (excluding payables)	–	**3,437,272**	544,109
Other non-current liabilities	–	**142,299**	61,951
	–	**3,579,571**	606,060
Current liabilities			
Financial liabilities (excluding payables)	–	**180,703**	6,113,716
Other current liabilities	**243,315**	**871,412**	1,506,609
	243,315	**1,052,115**	7,620,325
Net assets	**187,754**	**6,556,772**	7,723,490

* No comparative is presented as IDF became a joint venture of the Group in the current financial year.

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11 JOINT VENTURES (CONTINUED)

a. Material joint ventures of the Group (continued)

Summarised financial information (continued)

Reconciliation of share of net assets:

	IDF	Battersea	
	2022*	**2022**	**2021 Restated**
Net assets			
At 1 January	–	**7,723,490**	5,981,213
Capital injection during the financial year	**193,512**	**538,377**	1,647,322
Total comprehensive loss for the financial year	**(5,758)**	**(52,820)**	(42,513)
Capital repayment during the financial year	–	**(1,214,436)**	–
Exchange differences	–	**(437,839)**	137,468
At 31 December	**187,754**	**6,556,772**	7,723,490
Group's interest in the joint venture	**55%**	**40%**	40%
Group's share of net assets	**103,265**	**2,622,709**	3,089,396
Unrealised profit	**(72,335)**	–	–
Carrying amount at the end of the financial year	**30,930**	**2,622,709**	3,089,396

* No comparative is presented as IDF became a joint venture of the Group in the current financial year.

Capital commitments and contingent liabilities

There are no contingent liabilities relating to the Group's interest in the joint ventures. The Group's commitments in relation to its joint ventures are disclosed in Note 37(c)(ii).

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12 ASSOCIATES

The Group's interest in the associates, their respective principal activities and countries of incorporation are shown in Note 43.

The Group's associates are accounted for using the equity method in the financial statements.

In the opinion of the Directors, the Group has no associate which is individually material as at 31 December 2022.

The Group's and the Company's investments in associates are as follows:

	Group	
	2022	**2021 Restated**
Share of results	**1,661**	1,774
Share of other comprehensive income/(loss)	**979**	(2,658)
Share of total comprehensive profit/(loss) for the financial year	**2,640**	(884)
Dividend income	**1,080**	–

	Group		
	31.12.2022	**31.12.2021 Restated**	**01.01.2021 Restated**
Unquoted shares, at costs	**36,203**	36,203	36,203
Share of post-acquisition reserves	**99,259**	97,699	98,583
Shareholder's advance	**14,898**	12,969	12,194
Accumulated impairment losses	**(1,803)**	(1,803)	(1,803)
Carrying amount at the end of the financial year	**148,557**	145,068	145,177

	Company	
	2022	**2021**
Unquoted shares, at costs	**36,000**	36,000
Shareholder's advance	**14,898**	12,969
Accumulated impairment losses	**(1,746)**	(1,746)
Carrying amount at the end of the financial year	**49,152**	47,223
Dividend income	**1,080**	–

The shareholder's advance to an associate is unsecured and bears interest at a rate of 6.40% (2021: 7.21%) per annum. The advance is considered as part of the Group's and the Company's investment in the associate.

Capital commitments and contingent liabilities

There are neither capital commitment nor contingent liabilities relating to the Group's interest in the associates.

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13 OTHER (LOSSES)/GAINS

	Group		Company	
	2022	**2021 Restated**	**2022**	**2021**
Gain on disposal of:				
– subsidiares	**53,020**	–	**–**	–
– property, plant and equipment	**2**	–	**3**	–
Fair value loss on investment properties	**(51,601)**	(25,737)	**–**	–
Loss on lease modification	**(12,788)**	–	**–**	–
Impairment losses on:				
– quoted investment	**–**	(2,083)	**–**	(2,083)
– property, plant and equipment	**(3)**	(415)	**–**	–
– investment in subsidiaries	**–**	–	**(3,317)**	(8,128)
Loss from liquidation of subsidiaries	**–**	–	**(22)**	(17)
Foreign currency exchange (losses)/gains:				
– realised	**(138)**	(970)	**31,332**	132
– unrealised	**–**	–	**13,650**	5,832
	(11,508)	(29,205)	**41,646**	(4,264)

14 FINANCE INCOME

	Group		Company	
	2022	**2021**	**2022**	**2021**
Finance income arising from:				
– accretion of interest on:				
– contract assets [Note 27(a)]	**86,654**	93,126	**–**	–
– receivables	**95**	–	**–**	–
– banks and other financial institutions	**15,354**	8,092	**3,509**	2,405
– subsidiaries	**–**	–	**51,426**	56,317
– joint ventures	**3,893**	788	**3,753**	–
– associate	**–**	767	**–**	767
	105,996	102,773	**58,688**	59,489

Notes to the Financial Statements

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15 FINANCE COSTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
Finance costs charged by:				
– banks and other financial institutions	**24,731**	20,963	**5,234**	798
– non-controlling interest	**6,349**	5,488	**–**	–
– lease liabilities [Note 34]	**2,118**	3,285	**383**	613
Accretion of interest on:				
– payables	**4,329**	4,289	**–**	–
– provisions [Note 35]	**4,131**	3,872	**–**	–
	41,658	37,897	**5,617**	1,411
Islamic financing distribution payment:				
– Syndicated Islamic term financing	**40,696**	46,636	**–**	–
– Islamic Medium Term Notes	**27,370**	27,378	**27,370**	27,378
– Term loans and revolving credits	**35,801**	30,593	**21,822**	14,439
	103,867	104,607	**49,192**	41,817
Total finance costs	**145,525**	142,504	**54,809**	43,228
Interest capitalised in inventories [Note 21]	**(48,152)**	(47,507)	**–**	–
Net finance costs	**97,373**	94,997	**54,809**	43,228

The Group's weighted average capitalisation rate in determining interest eligible for capitalisation is 4.5% (2021: 3.4%) per annum.

16 TAXATION

	Group		Company	
	2022	**2021 Restated**	**2022**	**2021**
Income tax:				
In respect of current financial year				
– Malaysian income tax	**142,287**	100,078	**11,318**	11,574
– foreign income tax	**–**	1	**–**	–
In respect of prior financial years				
– Malaysian income tax	**163**	15,661	**(312)**	(3,784)
Total income tax	**142,450**	115,740	**11,006**	7,790
Deferred tax: [Note 25]				
– origination and reversal of temporary differences	**(2,047)**	3,888	**(6,815)**	(2,459)
– under/(over) provision in prior financial years	**6,759**	(1,431)	**(2,807)**	6,291
Total deferred tax expense/(credit)	**4,712**	2,457	**(9,622)**	3,832
Total taxation	**147,162**	118,197	**1,384**	11,622

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16 TAXATION

Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense are as follows:

	Group		Company	
	2022	**2021 Restated**	**2022**	**2021**
Profit before taxation	**458,860**	280,495	**262,706**	221,878
Less:				
Share of results of:				
– joint ventures [Note 11]	**27,756**	17,533	**–**	–
– associates [Note 12]	**(1,661)**	(1,774)	**–**	–
	484,955	296,254	**262,706**	221,878
Tax at the domestic rates applicable to profits in the country concerned	**119,331**	76,950	**63,049**	53,251
Effect of tax incentives and income not subject to tax:				
– single tier and tax exempt dividends	**–**	–	**(71,920)**	(51,229)
– others	**(518)**	(249)	**(10,790)**	(1,431)
Effect of expenses not deductible for tax purposes:				
– impairment losses/(reversal of impairment) on amounts due from subsidiaries	**–**	–	**20,145**	(488)
– impairment losses on investment in subsidiaries, joint ventures and associates	**–**	–	**796**	1,951
– depreciation and amortisation	**4,720**	5,722	**818**	763
– others	**4,939**	5,452	**2,405**	6,298
Different tax rates arising from fair value of investment properties at real property gains tax rate	**1,511**	2,133	**–**	–
Differences in tax rate under “Cukai Makmur” (prosperity tax)*	**8,487**	–	**–**	–
Movement in unrecognised deferred tax assets	**1,770**	13,959	**–**	–
Under/(Over) provision in prior years	**6,922**	14,230	**(3,119)**	2,507
Taxation for the financial year	**147,162**	118,197	**1,384**	11,622
Applicable tax rate (%)	**17.0 – 33.0***	17.0 – 24.0	**24.0**	24.0
Effective tax rate (%)	**28.9**	35.1	**1.7**	4.1

The applicable tax of the Group represents the applicable taxes of all companies under the Group based on their respective domestic tax rate.

* For year of assessment 2022, the Cukai Makmur is applicable for companies within the Group with chargeable income in excess of RM100.0 million, whereby chargeable income for the first RM100.0 million is taxed at 24% and the portion of chargeable income in excess of RM100.0 million is taxed at 33%.

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17 EARNINGS PER SHARE

Basic earnings per share attributable to owners of the Company are computed as follows:

	Group	
	2022	**2021 Restated**
Profit for the financial year attributable to the owners of the Company	**315,839**	146,893
Number of ordinary shares in issue (thousand)	**6,800,839**	6,800,839
Basic earnings per share (sen)	**4.6**	2.2

The basic and diluted earnings per share is the same as there is no dilutive potential ordinary shares in issue as at the end of the financial year.

18 DIVIDENDS

	Group/Company	
	2022	**2021**
In respect of the financial year ended 31 December 2022, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2022	**68,008**	–
In respect of the financial year ended 31 December 2021, a single tier dividend of 1.0 sen per ordinary share which was paid on 16 November 2021	**–**	68,008
	68,008	68,008

The Board of Directors had on 28 February 2023, declared a second single tier dividend in respect of the financial year ended 31 December 2022 of 1.0 sen per ordinary share amounting to RM68.0 million. The second single tier dividend is payable on 28 March 2023 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 15 March 2023.

Notes to the Financial Statements

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19 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Buildings and golf course	Plant and machinery	Vehicles, equipment and fixtures	Work in progress	Total
2022							
At 1 January 2022	**58,619**	**52,118**	**440,994**	**1,366**	**47,309**	**14,841**	**615,247**
Additions	**–**	**–**	**508**	**18**	**6,572**	**4,182**	**11,280**
Impairment losses	**–**	**–**	**–**	**–**	**(3)**	**–**	**(3)**
Write-off	**–**	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Disposal	**–**	**–**	**(5,032)**	**–**	*****	**–**	**(5,032)**
Disposal of subsidiaries [Note 36]	**–**	**–**	**(5,380)**	**(40)**	**(17)**	**–**	**(5,437)**
Reclassification	**–**	**–**	**–**	**–**	**838**	**(838)**	**–**
Depreciation [Notes 7 & 9]	**–**	**(1,030)**	**(17,498)**	**(348)**	**(10,711)**	**–**	**(29,587)**
Exchange differences	**–**	**–**	**–**	**–**	**(124)**	**–**	**(124)**
At 31 December 2022	**58,619**	**51,088**	**413,592**	**996**	**43,863**	**18,185**	**586,343**
Cost	**58,619**	**61,643**	**681,748**	**40,687**	**209,215**	**18,185**	**1,070,097**
Accumulated depreciation	**–**	**(7,190)**	**(258,798)**	**(39,641)**	**(164,363)**	**–**	**(469,992)**
Accumulated impairment losses	**–**	**(3,365)**	**(9,358)**	**(50)**	**(989)**	**–**	**(13,762)**
Carrying amount at the end of the financial year	**58,619**	**51,088**	**413,592**	**996**	**43,863**	**18,185**	**586,343**

* less than RM1,000

Group	Freehold land	Leasehold land	Buildings and golf course	Plant and machinery	Vehicles, equipment and fixtures	Work in progress	Total
2021							
Restated							
At 1 January 2021	58,619	52,813	460,421	1,725	49,952	2,648	626,178
Additions	–	325	938	57	3,631	540	5,491
Impairment losses	–	–	–	–	(415)	–	(415)
Write-off	–	–	–	–	(98)	–	(98)
Transfer from/(to):							
– inventories [Note 21]	–	–	–	–	4,581	13,369	17,950
– investment properties [Note 20]	–	–	(831)	–	–	–	(831)
Reclassification	–	–	–	–	1,716	(1,716)	–
Depreciation [Notes 7 & 9]	–	(1,020)	(19,730)	(418)	(12,321)	–	(33,489)
Exchange differences	–	–	196	2	263	–	461
At 31 December 2021	58,619	52,118	440,994	1,366	47,309	14,841	615,247
Cost	58,619	61,643	710,027	42,181	207,369	14,841	1,094,680
Accumulated depreciation	–	(6,160)	(259,864)	(40,765)	(159,107)	–	(465,896)
Accumulated impairment losses	–	(3,365)	(9,169)	(50)	(953)	–	(13,537)
Carrying amount at the end of the financial year	58,619	52,118	440,994	1,366	47,309	14,841	615,247

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings	Vehicles, equipment and fixtures	Work in progress	Total
2022				
At 1 January 2022	**15,249**	**5,351**	**–**	**20,600**
Additions	**–**	**2,517**	**2,992**	**5,509**
Disposal	**–**	*****	**–**	*****
Depreciation [Notes 7 & 9]	**(7,624)**	**(1,686)**	**–**	**(9,310)**
At 31 December 2022	**7,625**	**6,182**	**2,992**	**16,799**
Cost	**22,874**	**45,327**	**2,992**	**71,193**
Accumulated depreciation	**(15,249)**	**(39,145)**	**–**	**(54,394)**
Carrying amount at the end of the financial year	**7,625**	**6,182**	**2,992**	**16,799**

* less than RM1,000

Company	Buildings	Vehicles, equipment and fixtures	Work in progress	Total
2021				
At 1 January 2021	22,874	4,338	–	27,212
Additions	–	2,606	–	2,606
Depreciation [Notes 7 & 9]	(7,625)	(1,593)	–	(9,218)
At 31 December 2021	15,249	5,351	–	20,600
Cost	22,874	43,286	–	66,160
Accumulated depreciation	(7,625)	(37,935)	–	(45,560)
Carrying amount at the end of the financial year	15,249	5,351	–	20,600

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Right-of-use assets

Right-of-use assets included in property, plant and equipment are as follows:

Group	Leasehold land	Buildings and golf course	Vehicles	Total
2022				
At 1 January 2022	**52,118**	**280,641**	**4,282**	**337,041**
Additions	**–**	**238**	**–**	**238**
Disposal of subsidiaries	**–**	**(5,380)**	**–**	**(5,380)**
Depreciation	**(1,030)**	**(8,690)**	**(1,533)**	**(11,253)**
At 31 December 2022	**51,088**	**266,809**	**2,749**	**320,646**
Cost	**61,643**	**416,999**	**7,319**	**485,961**
Accumulated depreciation	**(7,190)**	**(143,219)**	**(4,570)**	**(154,979)**
Accumulated impairment losses	**(3,365)**	**(6,971)**	**–**	**(10,336)**
Carrying amount at the end of the financial year	**51,088**	**266,809**	**2,749**	**320,646**
2021				
At 1 January 2021	52,813	290,323	5,569	348,705
Additions	325	231	297	853
Transfer to investment properties [Note 20]	–	(831)	–	(831)
Depreciation	(1,020)	(9,286)	(1,584)	(11,890)
Exchange differences	–	204	–	204
At 31 December 2021	52,118	280,641	4,282	337,041
Cost	61,643	437,005	7,319	505,967
Accumulated depreciation	(6,160)	(149,582)	(3,037)	(158,779)
Accumulated impairment losses	(3,365)	(6,782)	–	(10,147)
Carrying amount at the end of the financial year	52,118	280,641	4,282	337,041

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Right-of-use assets

Right-of-use assets included in property, plant and equipment are as follows:

Company	Buildings	Vehicles	Total
2022			
At 1 January 2022	**15,249**	**166**	**15,415**
Depreciation	**(7,624)**	**(80)**	**(7,704)**
At 31 December 2022	**7,625**	**86**	**7,711**
Cost	**22,874**	**297**	**23,171**
Accumulated depreciation	**(15,249)**	**(211)**	**(15,460)**
Carrying amount at the end of the financial year	**7,625**	**86**	**7,711**
2021			
At 1 January 2021	22,874	243	23,117
Depreciation	(7,625)	(77)	(7,702)
At 31 December 2021	15,249	166	15,415
Cost	22,874	297	23,171
Accumulated depreciation	(7,625)	(131)	(7,756)
Carrying amount at the end of the financial year	15,249	166	15,415

The Company's right-of-use building is leased from a subsidiary company.

b. Assets pledged as security

As at 31 December 2022, property, plant and equipment of certain subsidiaries with a total carrying amount of RM67.1 million (2021: RM69.0 million) were pledged as security for borrowings of the Group (see Note 33).

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20 INVESTMENT PROPERTIES

Group	Freehold land and buildings	Leasehold land and buildings	Work in progress	Total
2022				
At 1 January 2022	**617,888**	**66,998**	**89,116**	**774,002**
– effect of change in accounting policy	**191,630**	**21,654**	**–**	**213,284**
As restated	**809,518**	**88,652**	**89,116**	**987,286**
Additions	**1,507**	**–**	**23,522**	**25,029**
Transfer from inventories [Note 21]	**–**	**–**	**252,515**	**252,515**
Disposal of subsidiaries [Note 36]	**–**	**–**	**(113,468)**	**(113,468)**
Adjustment on lease modification	**–**	**(15,507)**	**–**	**(15,507)**
Net changes in fair value on investment properties	**5,566**	**(12,231)**	**(44,936)**	**(51,601)**
Exchange differences	**–**	**946**	**–**	**946**
At 31 December 2022	**816,591**	**61,860**	**206,749**	**1,085,200**
2021				
Restated				
At 1 January 2021	625,385	78,437	5,208	709,030
– effect of change in accounting policy	193,971	24,292	(5,208)	213,055
As restated	819,356	102,729	–	922,085
Additions	1,387	–	5,384	6,771
Transfer from property, plant and equipment [Note 19]	–	831	–	831
Transfer from inventories [Note 21]	–	–	83,732	83,732
Disposal	(1,020)	–	–	(1,020)
Net changes in fair value on investment properties	(10,205)	(15,532)	–	(25,737)
Exchange differences	–	624	–	624
At 31 December 2021	809,518	88,652	89,116	987,286

Included in the above are:

	Group		
	31.12.2022	**31.12.2021 Restated**	**01.01.2021 Restated**
Investment properties at fair value	**1,025,986**	898,170	922,085
Investment properties at cost	**59,214**	89,116	–
At end of the financial year	**1,085,200**	987,286	922,085

Movements in investment properties under construction during the financial year are mainly additions of RM18.2 million (2021: RM5.4 million), transfer from inventories of RM65.4 million (2021: RM83.7 million) and disposal of subsidiaries of RM113.5 million (2021: Nil).

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20 INVESTMENT PROPERTIES (CONTINUED)

a. Additions of investment properties

	Group	
	2022	**2021**
Additions	**25,029**	6,771
Movement in accruals	**(9,078)**	2,259
Total cash outflow	**15,951**	9,030

b. Right-of-use assets

Right-of-use assets included in investment properties are as follows:

Group	Leasehold land and buildings	Work in progress	Total
2022			
At 1 January 2022	**66,998**	**920**	**67,918**
– effect of change in accounting policy	**21,654**	**–**	**21,654**
As restated	**88,652**	**920**	**89,572**
Additions	**–**	**8,102**	**8,102**
Transfer from inventories	**–**	**187,106**	**187,106**
Adjustment on lease modification	**(15,507)**	**–**	**(15,507)**
Fair value adjustments	**(12,231)**	**(44,936)**	**(57,167)**
Exchange differences	**946**	**–**	**946**
At 31 December 2022	**61,860**	**151,192**	**213,052**
2021			
Restated			
At 1 January 2021	78,437	–	78,437
– effect of change in accounting policy	24,292	–	24,292
As restated	102,729	–	102,729
Additions	–	69	69
Transfer from property, plant and equipment [Note 19]	831	–	831
Transfer from inventories	–	851	851
Fair value adjustments	(15,532)	–	(15,532)
Exchange differences	624	–	624
At 31 December 2021	88,652	920	89,572

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20 INVESTMENT PROPERTIES (CONTINUED)

c. Fair Value

The fair value of the Group's investment properties are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

Properties valued using the investment method are based on the rental expected to be achieved, location, size and condition of the properties, taking into consideration outgoings such as quit rent and assessment, utilities and other general expenses. Key inputs consist of term yield, reversion yield and rental per square foot. Properties valued using the comparable method are derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

Investment properties under construction are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

The Level 3 inputs or unobservable inputs include:

Term yield	Based on current contractual rentals and actual net lettable occupied, including revision upon renewal of tenancies during the financial year
Reversion yield	Current market rates with reference to the latest renewals concluded, asking rentals and also the term rentals passing
Price per square foot (psf)	Estimated price psf for which a property should exchange on the date of valuation between a willing buyer and a willing seller

The following table provides the fair value of the Group's investment properties measured at Level 3:

	Group		
	31.12.2022	**31.12.2021 Restated**	**01.01.2021 Restated**
Investment properties:			
– Retail	**504,651**	351,981	359,077
– Commercial buildings	**384,429**	412,659	429,478
– Others	**136,906**	133,530	133,530
	1,025,986	898,170	922,085

Significant unobservable inputs	**Inter-relationship between significant unobservable inputs and fair value measurement**
Term and reversion yield	Higher yield, lower fair value
Price per square foot	Higher price, higher fair value

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20 INVESTMENT PROPERTIES (CONTINUED)

c. Fair Value

Impact of a reasonably possible change in key inputs for investment properties with significant changes in fair value during the year is illustrated below:

Investment properties	Valuation techniques	Significant unobservable input	Impact of changes in price per square foot by 10%		
			31.12.2022	**31.12.2021**	**01.01.2021**
Retail	Comparison method	Price per square foot	12,500	N/A	N/A

There are no significant changes in fair value for commercial buildings and others, and as such, the impact of changes in key inputs are not illustrated.

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3 are as follows:

	Valuation techniques	Significant unobservable inputs		
		Term yield %	**Reversion yield %**	**Price psf RM**
31.12.2022				
Retail	Investment method	**5.75**	**6.25**	**–**
	Comparison method	**–**	**–**	**520**
Commercial buildings	Investment method	**4.75 – 6.25**	**5.25 – 6.50**	**37 – 11,542**
	Comparison method	**–**	**–**	**205 – 556**
Others	Comparison method	**–**	**–**	**37 – 78**
31.12.2021				
Retail	Investment method	5.75	6.25	–
Commercial buildings	Investment method	5.00 – 6.25	5.25 – 6.50	41 – 11,820
	Comparison method	–	–	205 – 556
Others	Comparison method	–	–	41 – 71
01.01.2021				
Retail	Investment method	5.75 – 6.25	6.25 – 12.00	–
Commercial buildings	Investment method	5.00 – 6.25	5.25 – 7.00	41 – 9,804
	Comparison method	–	–	205 – 556
Others	Comparison method	–	–	41 – 71

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20 INVESTMENT PROPERTIES (CONTINUED)

d. Assets pledged as security

As at 31 December 2022, investment properties of certain subsidiaries with a total carrying amount of RM334.4 million (2021 (restated): RM187.0 million) were pledged as security for borrowings of the Group (see Note 33).

e. Operating leases

Rental income generated from and direct operating expenses incurred on the Group's investment properties are as follows:

	Group	
	2022	**2021**
Rental income	**57,932**	57,146
Direct operating expenses	**(33,918)**	(32,529)

The future minimum lease payments receivable under operating leases contracted for as at the end of reporting peiod but not recognised as receivable are as follows:

	Group	
	2022	**2021**
Lease payments due:		
– not later than 1 year	**44,660**	51,976
– later than 1 year and not later than 2 years	**21,392**	43,241
– later than 2 years and not later than 3 years	**13,786**	6,045
– later than 3 years and not later than 4 years	**5,684**	5,684
– later than 4 years and not later than 5 years	**5,493**	5,684
– later than 5 years	**87,446**	101,190
	178,461	213,820

The Group entered into non-cancellable operating lease agreements on its investment properties. These leases have remaining non-cancellable lease term ranging from 1 to 26 years (2021: ranging from 1 to 27 years).

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21 INVENTORIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
Non-current				
Land held for property development [note (a)]	**4,016,559**	3,869,520	**1,076,741**	1,057,817
Current				
Cost:				
– completed development units	**126,451**	90,848	**6,001**	6,001
– finished goods, raw materials and consumables	**640**	776	**–**	–
Net realisable value:				
– completed development units	**150,798**	238,724	**–**	–
	277,889	330,348	**6,001**	6,001
Property development costs [note(b)]	**1,249,389**	1,592,449	**101,501**	98,110
	1,527,278	1,922,797	**107,502**	104,111
Total inventories	**5,543,837**	5,792,317	**1,184,243**	1,161,928

During the financial year, the Group and the Company recognised inventories cost of RM1,682.8 million (2021: RM1,472.5 million) and RM114.1 million (2021: RM105.2 million), respectively, as cost of sales.

As at 31 December 2022, certain inventories of the Group and the Company with a total carrying amount of RM230.8 million (2021: RM733.6 million) and RM53.2 million (2021: RM52.9 million) were pledged as security for borrowings of the Group and the Company respectively (see Note 33).

The cost of sales included write-down of inventories to net realisable value by the Group of RM6.3 million (2021: RM1.9 million).

a. Land held for property development

	Group		Company	
	2022	**2021**	**2022**	**2021**
At 1 January	**3,869,520**	4,474,282	**1,057,817**	1,052,552
Additions	**469,864**	363,798	**94,524**	62,302
Write-off	**(32)**	(384)	**–**	(162)
Transfer to:				
– property, plant and equipment [Note 19]	**–**	(4,581)	**–**	–
– property development costs [note (b)]	**(322,793)**	(963,595)	**(75,600)**	(56,875)
At 31 December	**4,016,559**	3,869,520	**1,076,741**	1,057,817

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21 INVENTORIES (CONTINUED)

a. Land held for property development (continued)

Land held for property development is analysed as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Freehold land, at cost	**1,401,603**	1,374,851	**899,071**	907,583
Leasehold land, at cost	**467,967**	470,761	**–**	–
Development costs	**2,146,989**	2,023,908	**177,670**	150,234
	4,016,559	3,869,520	**1,076,741**	1,057,817

b. Property development costs

	Group		Company	
	2022	**2021**	**2022**	**2021**
At 1 January	**1,592,449**	1,184,936	**98,110**	121,967
Development costs incurred during the financial year	**1,216,962**	770,870	**41,934**	18,609
Costs recognised during the financial year [Note 7]	**(1,571,078)**	(1,169,053)	**(114,143)**	(99,341)
Transfer (to)/from:				
– property, plant and equipment [Note 19]	**–**	(13,369)	**–**	–
– investment properties [Note 20]	**(252,515)**	(83,732)	**–**	–
– land held for property development [note (a)]	**322,793**	963,595	**75,600**	56,875
– completed development units	**(57,403)**	(57,623)	**–**	–
Reversal of write-down	**1,274**	–	**–**	–
Write-down	**–**	(1,016)	**–**	–
Write-off	**(3,093)**	(2,159)	**–**	–
At 31 December	**1,249,389**	1,592,449	**101,501**	98,110

Property development costs is analysed as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Freehold land, at cost	**159,664**	257,355	**21,651**	25,006
Leasehold land, at cost	**89,536**	101,416	**–**	–
Development costs	**1,000,189**	1,233,678	**79,850**	73,104
	1,249,389	1,592,449	**101,501**	98,110

Included in the Group's land held for property development and property development costs incurred during the financial year are finance costs capitalised amounting to RM48.2 million (2021: RM47.5 million) (see Note 15).

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22 SUBSIDIARIES

The Group's effective equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 43.

	Company	
	2022	**2021**
Unquoted shares:		
At cost	**9,338,919**	9,228,310
Accumulated impairment losses	**(1,298,717)**	(1,340,757)
	8,040,202	7,887,553
Contribution to a subsidiary	**–**	23,485
Carrying amount at the end of the financial year	**8,040,202**	7,911,038

During the financial year ended 31 December 2022, movement in the carrying amount of subsidiaries include, amongst others, capital injections in subsidiaries of RM217.8 million (2021: RM781.7 million) and capital repayment received from subsidiaries of RM92.7 million (2021: RM0.3 million).

The contribution to a subsidiary has no fixed term of repayment and any repayment is at the discretion of the subsidiary upon notification by the subsidiary to the Company.

Movements in accumulated impairment losses are as follows:

	Company	
	2022	**2021**
At 1 January	**1,340,757**	1,207,935
Impairment losses	**3,317**	8,128
Reclassified from accumulated impairment losses on amounts due from subsidiaries following the increase in investment in those subsidiaries through debt capitalisation [Note 26(c)]	**–**	169,571
Liquidation of subsidiaries	**(45,357)**	(44,877)
At 31 December	**1,298,717**	1,340,757

During the financial year, the Company had assessed the cost of investment in a subsidiary for impairment. The recoverable amount of the subsidiary is determined based on estimated future distributions from the subsidiary. The estimated future distributions are, in turn, funded by future profits from the ongoing developments, inventories and properties of the subsidiary's underlying investments. The estimates are in line with the latest project budgets and estimates, barring any unforeseen deviations in project revenue and costs. The estimated future distributions are discounted at cost of equity of 9% in deriving the recoverable amount. The recoverable amount exceeds the cost of investment of the subsidiary as at the end of financial year; this remains to be the case with a reasonably possible increase in discount rate by 20 basis points.

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23 INVESTMENTS

Group/Company	Quoted shares	Unquoted shares	Total
2022			
At 1 January 2022	**–**	**53,418**	**53,418**
Net changes in fair value recognised in other comprehensive income	**–**	**(4,785)**	**(4,785)**
At 31 December 2022	**–**	**48,633**	**48,633**
2021			
At 1 January 2021	2,083	54,193	56,276
Net changes in fair value recognised in other comprehensive income	–	(775)	(775)
Impairment losses	(2,083)	–	(2,083)
At 31 December 2021	–	53,418	53,418

24 INTANGIBLE ASSETS

	Group		Company	
	2022	**2021**	**2022**	**2021**
At 1 January	**7,258**	5,721	**5,724**	4,628
Additions	**1,739**	3,492	**1,056**	2,682
Amortisation [Notes 7 & 9]	**(2,420)**	(1,955)	**(1,723)**	(1,586)
At 31 December	**6,577**	7,258	**5,057**	5,724
Cost	**35,430**	33,691	**30,870**	29,814
Accumulated amortisation	**(28,853)**	(26,433)	**(25,813)**	(24,090)
Carrying amount at the end of the financial year	**6,577**	7,258	**5,057**	5,724

The intangible assets for the Group and the Company comprise mainly computer software.

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25 DEFERRED TAX

	Group			Company	
	31.12.2022	**31.12.2021 Restated**	**01.01.2021 Restated**	**31.12.2022**	**31.12.2021**
Deferred tax assets	**601,790**	620,605	614,928	**35,498**	25,876
Deferred tax liabilities	**(316,650)**	(320,359)	(312,227)	**–**	–
	285,140	300,246	302,701	**35,498**	25,876

The amount of deductible temporary differences, which have no expiry dates, and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group		Company	
	2022	**2021 Restated**	**2022**	**2021**
Unutilised tax losses	**687,546**	698,685	**–**	–
Deductible temporary differences	**576,017**	572,253	**–**	–
	1,263,563	1,270,938	**–**	–
Deferred tax assets not recognised	**303,255**	305,025	**–**	–

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the time limit to utilise tax losses is limited to a maximum of 10 consecutive years, effective from year of assessment 2019 onwards. Unutilised tax losses brought forward from year of assessment 2018 and preceding years of assessment can be carried forward up to 2028 under the special provision.

	Group	
	2022	**2021 Restated**
Unutilised tax losses:		
– expiring in 2028	**322,710**	342,646
– expiring in 2029	**233,211**	235,003
– expiring in 2030	**66,608**	63,943
– expiring in 2031	**56,784**	57,093
– expiring in 2032	**8,233**	–
	687,546	698,685

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25 DEFERRED TAX (CONTINUED)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows:

Group	Property, plant and equipment	Investment properties	Inventories	Contract assets	Allowance and provision	Tax losses and unabsorbed capital allowances	Others	Total
2022								
At 1 January 2022	**5,356**	**(12,016)**	**405,404**	**(205,885)**	**125,114**	**92,054**	**28,485**	**438,512**
– effect from change in accounting policy and prior year adjustment [Note 44]	**–**	**(22,983)**	**–**	**(115,283)**	**–**	**–**	**–**	**(138,266)**
As restated	**5,356**	**(34,999)**	**405,404**	**(321,168)**	**125,114**	**92,054**	**28,485**	**300,246**
Recognised in profit or loss: [Note 16]								
– temporary differences	**(225)**	**6,503**	**(26,474)**	**2,180**	**8,221**	**6,112**	**5,730**	**2,047**
– over/(under) provision in prior financial years	**123**	**–**	**(5,121)**	**–**	**5,365**	**(7,528)**	**402**	**(6,759)**
– disposal of subsidiaries [Note 36]	**–**	**–**	**(10,450)**	**–**	**–**	**–**	**–**	**(10,450)**
– others	**–**	**–**	**–**	**–**	**–**	**–**	**56**	**56**
At 31 December 2022	**5,254**	**(28,496)**	**363,359**	**(318,988)**	**138,700**	**90,638**	**34,673**	**285,140**
2021								
Restated								
At 1 January 2021	6,029	–	407,819	(201,811)	114,539	96,915	21,482	444,973
– effect from change in accounting policy and prior year adjustment [Note 44]	–	(22,983)	–	(119,117)	–	–	(172)	(142,272)
As restated	6,029	(22,983)	407,819	(320,928)	114,539	96,915	21,310	302,701
Recognised in profit or loss: [Note 16]								
– temporary differences	(412)	(12,016)	(10,512)	676	5,213	6,196	6,967	(3,888)
– (under)/over provision in prior financial years	(261)	–	8,097	(916)	5,362	(11,057)	206	1,431
– others	–	–	–	–	–	–	2	2
At 31 December 2021	5,356	(34,999)	405,404	(321,168)	125,114	92,054	28,485	300,246

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25 DEFERRED TAX (CONTINUED)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows: (continued)

Company	Property, plant and equipment	Inventories	Allowance and provision	Total
2022				
At 1 January 2022	**(567)**	**14,300**	**12,143**	**25,876**
Recognised in profit or loss: [Note 16]				
– temporary differences	**(268)**	**2,487**	**4,596**	**6,815**
– (under)/over provision in prior financial years	**(326)**	**1,453**	**1,680**	**2,807**
At 31 December 2022	**(1,161)**	**18,240**	**18,419**	**35,498**
2021				
At 1 January 2021	(331)	19,175	10,864	29,708
Recognised in profit or loss: [Note 16]				
– temporary differences	(390)	1,570	1,279	2,459
– over/(under) provision in prior financial years	154	(6,445)	–	(6,291)
At 31 December 2021	(567)	14,300	12,143	25,876

26 RECEIVABLES

	Group		
	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
Non-current			
Trade receivables	**22,928**	17,649	10,343
Deposit	**28,000**	–	–
Amounts due from:			
– joint ventures [note (a)]	**89,000**	103,750	118,000
	139,928	121,399	128,343
Accumulated impairment losses on amounts due from a joint venture [note (c)]	**(37,210)**	(37,210)	(37,210)
	102,718	84,189	91,133

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26 RECEIVABLES (CONTINUED)

	Group		
	31.12.2022	**31.12.2021 Restated**	**01.01.2021 Restated**
Current			
Trade receivables	**528,090**	659,281	589,676
Other receivables	**74,201**	79,273	82,600
Deposits	**133,722**	98,430	74,371
GST recoverable	**727**	109	747
Amounts due from:			
– joint ventures [note (a)]	**241,362**	6,277	6,658
	978,102	843,370	754,052
Accumulated impairment losses on: [note (c)]			
– trade receivables	**(71,727)**	(64,698)	(66,682)
– other receivables	**(39,224)**	(57,938)	(57,457)
– amounts due from joint ventures	**(4,536)**	(4,536)	(4,536)
	(115,487)	(127,172)	(128,675)
	862,615	716,198	625,377
Total receivables	**965,333**	800,387	716,510

	Company	
	2022	**2021**
Non-current		
Amounts due from:		
– joint ventures [note (a)]	**89,000**	89,000
– subsidiaries [note (b)]	**1,427,231**	1,491,382
	1,516,231	1,580,382
Accumulated impairment losses on: [note (c)]		
– amounts due from a joint venture	**(37,210)**	(37,210)
– amounts due from subsidiaries	**(135,914)**	(53,084)
	1,343,107	1,490,088

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26 RECEIVABLES (CONTINUED)

	Company	
	2022	**2021**
Current		
Trade receivables	**39,226**	62,000
Other receivables	**6,292**	18,888
Deposits	**7,382**	7,355
Amounts due from:		
– joint ventures [note (a)]	**123,246**	6,259
– subsidiaries [note (b)]	**156,498**	421,293
	332,644	515,795
Accumulated impairment losses on: [note (c)]		
– other receivables	**(3,349)**	(17,242)
– amounts due from joint ventures	**(4,536)**	(4,536)
– amounts due from subsidiaries	**(2,074)**	(1,521)
	(9,959)	(23,299)
	322,685	492,496
Total receivables	**1,665,792**	1,982,584

Credit quality of financial assets

Trade receivables that are neither past due nor impaired are amounts due from a large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. In respect of property purchasers with no end-financing facilities, ownership and rights to the properties revert to the Group and to the Company in the event of default.

Trade receivables also include amounts due from tenants and golf club members. Amounts due from tenants are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance. Amounts due from golf club members are those with good payment track records with the Group. Management monitors closely the trade receivables which are past due with outstanding balances exceeding the security deposits.

Other receivables and amounts due from joint ventures and subsidiaries which are not impaired are monitored closely.

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26 RECEIVABLES (CONTINUED)

a. Amounts due from joint ventures

The amounts due from joint ventures are unsecured, repayable on demand and are non-interest bearing except for the following:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Amounts due from joint ventures				
Interest bearing	**205,125**	103,750	**205,125**	89,000
Accumulated impairment losses				
At 1 January/31 December	**(37,210)**	(37,210)	**(37,210)**	(37,210)
	167,915	66,540	**167,915**	51,790
Non-current				
Due later than 1 year	**51,790**	66,540	**51,790**	51,790
Current				
Due not later than 1 year	**116,125**	–	**116,125**	–
	167,915	66,540	**167,915**	51,790

The amounts due from joint ventures of the Group and the Company bear interest at fixed rates ranging from 3.8% to 5.0% (2021: 5.0% to 8.0%) per annum.

b. Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, repayable on demand and are non-interest bearing except for an amount of RM1,296.7 million (2021: RM1,360.8 million) which bears effective interest at 3.59% (2021: 3.15%) per annum.

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26 RECEIVABLES (CONTINUED)

c. Movements in accumulated impairment losses

Movements in accumulated impairment losses on receivables are as follows:

Group	12-month ECL	Lifetime ECL	Total
2022			
At 1 January 2022	**6,370**	**158,012**	**164,382**
Impairment losses on trade and other receivables	**–**	**4,591**	**4,591**
Reversal of impairment losses on trade and other receivables	**(130)**	**(1,697)**	**(1,827)**
Write-off	**–**	**(14,449)**	**(14,449)**
At 31 December 2022	**6,240**	**146,457**	**152,697**
Gross carrying amount at the end of the financial year	**22,790**	**1,095,240**	**1,118,030**
Carrying value net of ECL at the end of the financial year	**16,550**	**948,783**	**965,333**
2021			
At 1 January 2021	17,780	148,105	165,885
Impairment losses on trade and other receivables	1,804	1,102	2,906
Reversal of impairment losses on trade and other receivables	–	(4,409)	(4,409)
Reclassification	(13,214)	13,214	–
At 31 December 2021	6,370	158,012	164,382
Gross carrying amount at the end of the financial year	14,772	938,045	952,817
Carrying value net of ECL at the end of the financial year	8,402	780,033	788,435

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26 RECEIVABLES (CONTINUED)

c. Movements in accumulated impairment losses (continued)

Movements in accumulated impairment losses on receivables are as follows (continued):

Company	12-month ECL	Lifetime ECL	Total
2022			
At 1 January 2022	**1,917**	**111,676**	**113,593**
Impairment losses on amounts due from:			
– subsidiaries	**–**	**83,383**	**83,383**
– other receivables	**556**	**–**	**556**
Write-off	**–**	**(14,449)**	**(14,449)**
At 31 December 2022	**2,473**	**180,610**	**183,083**
Gross carrying amount at the end of the financial year	**7,382**	**1,841,493**	**1,848,875**
Carrying value net of ECL at the end of the financial year	**4,909**	**1,660,883**	**1,665,792**
2021			
At 1 January 2021	1,917	283,282	285,199
Reversal of impairment losses on amounts due from subsidiaries	–	(2,035)	(2,035)
Reclassified to accumulated impairment losses on cost of investment in subsidiaries following the capitalisation of the amounts due from those subsidiaries [Note 22]	–	(169,571)	(169,571)
At 31 December 2021	1,917	111,676	113,593
Gross carrying amount at the end of the financial year	7,355	2,088,822	2,096,177
Carrying value net of ECL at the end of the financial year	5,438	1,977,146	1,982,584

During the financial year, the Company recognised ECL on the amounts due from subsidiaries of RM83.4 million. The ECL is determined after considering possible outcomes of expected future recoveries arising from the subsidiaries' ongoing developments, inventories and properties.

The expected future recoveries are based on forecasts which are in line with the latest project budgets and estimates, barring any unforeseen deviations in project revenue and costs. A reasonably possible reduction of 5% in gross development margin would result in additional ECL of RM3.3 million.

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
Contract Assets				
Contract assets from concession arrangement [note (a)]	**1,343,660**	1,397,155	**–**	–
Contract assets from property development [note (b)]	**1,009,855**	948,854	**19,027**	38,583
Carrying amount at the end of the financial year	**2,353,515**	2,346,009	**19,027**	38,583
Non-current				
Due later than 1 year	**1,199,242**	1,248,336	**–**	–
Current				
Due not later than 1 year	**1,154,273**	1,097,673	**19,027**	38,583
	2,353,515	2,346,009	**19,027**	38,583
Contract Liabilities				
Contract liabilities from property development [note (b)]	**324,165**	224,447	**88,328**	92,774
Golf club activities and golf club membership fees [note (c)]	**261,894**	250,067	**–**	–
Carrying amount at the end of the financial year	**586,059**	474,514	**88,328**	92,774
Non-current				
Due later than 1 year	**253,164**	243,757	**–**	–
Current				
Due not later than 1 year	**332,895**	230,757	**88,328**	92,774
	586,059	474,514	**88,328**	92,774

Notes to the Financial Statements

For the financial year ended 31 December 2022

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

a. Concession arrangement

	Group	
	2022	**2021**
Revenue recognised to date	**1,577,437**	1,577,005
Accretion of interest	**681,268**	594,614
Progress billings to date	**(915,045)**	(774,464)
Carrying amount at the end of the financial year	**1,343,660**	1,397,155
Non-current		
Construction contract	**1,170,156**	1,221,479
Supply of teaching equipment	**29,086**	26,857
	1,199,242	1,248,336
Current		
Construction contract	**136,178**	140,579
Supply of teaching equipment	**8,240**	8,240
	144,418	148,819
Total	**1,343,660**	1,397,155

Contract assets from customers on concession arrangement represent revenue attributable to the concession arrangement entered into by Sime Darby Property Selatan Sdn Bhd and its subsidiaries for the construction and development of the Pagoh Education Hub ("the Project"). The Project is undertaken on a concession basis under the concept of "Build-Lease-Maintain-Transfer".

Under the Concession Agreements entered on 7 November 2012, the Group agreed to undertake the construction works for Government of Malaysia ("GoM"), Universiti Tun Hussein Onn Malaysia ("UTHM"), International Islamic University Malaysia ("IIUM") and Universiti Teknologi Malaysia ("UTM") over a period of three years, together with the supply of teaching equipment. The construction commenced in May 2014. Upon completion of the construction works on 2 May 2017, the campuses were handed over to GoM, UTHM, IIUM and UTM. Under the Concession Agreements, the Group maintains the facilities and infrastructure of the campuses for a period of twenty (20) years.

In consideration of the construction works and the maintenance of the facilities, the Group receives Availability Charges and Asset Management Services Charges over the period of 20 years. Costs of teaching equipment are received based on delivery dates and agreed payment terms. The consideration is allocated by reference to the relative fair values of the construction works, asset management services and costs of teaching equipment, taking into account the deferred payment arrangement.

A maintenance reserve fund was established under the asset management programme by the GoM, UTHM, IIUM, UTM and the Group. The maintenance reserve fund is jointly managed by the Group, the GoM, UTHM, IIUM, and UTM. The monies deposited in these accounts can only be utilised for purposes of replacement and refurbishment works for the facilities and infrastructure of the campuses, of which the utilisation of the funds are subject to approval by the GoM, UTHM, IIUM and UTM. The Group is not entitled to the fund except for the above mentioned purpose. Upon expiry of the concession period, the GoM, UTHM, IIUM and UTM are entitled to the balance of the maintenance reserve fund including profit or interest earned from the said fund.

The contract asset is pledged as security for borrowings of the Group (see Note 33).

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

b. Property Development

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

The Group's and the Company's contract assets and contract liabilities relating to the sale of properties as of each reporting period are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Contract assets	**1,009,855**	948,854	**19,027**	38,583
Contract liabilities	**(324,165)**	(224,447)	**(88,328)**	(92,774)
	685,690	724,407	**(69,301)**	(54,191)
At 1 January	**724,407**	783,993	**(54,191)**	(26,554)
Revenue recognised during the financial year	**2,543,650**	2,057,424	**193,079**	174,871
Progress billings during the financial year	**(2,582,367)**	(2,117,010)	**(208,189)**	(202,508)
At 31 December	**685,690**	724,407	**(69,301)**	(54,191)

c. Golf club activities and golf club membership fees

	Group	
	2022	**2021**
At 1 January	**250,067**	251,119
Revenue recognised during the financial year	**(8,761)**	(6,026)
Advance payment received	**20,588**	4,974
At 31 December	**261,894**	250,067

d. Unsatisfied performance obligations

The unsatisfied performance obligations at the end of the reporting period are expected to be recognised in the following periods:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Within 1 year	**1,970,988**	1,484,861	**93,133**	139,238
More than 1 year	**1,853,479**	1,174,351	**54,261**	41,228
	3,824,467	2,659,212	**147,394**	180,466

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28 CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

The Group's and the Company's cash held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The utilisation of these balances is restricted before completion of the housing development projects and fulfillment of all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects.

The interest rate of bank balances under Housing Development Accounts as at the end of the financial year ranges from 1.4% to 2.7% (2021: 0.5% to 1.7%) per annum.

29 BANK BALANCES, DEPOSITS AND CASH

	Group		Company	
	2022	**2021**	**2022**	**2021**
Deposits placed	**317,968**	392,096	**90,000**	25,000
Cash at banks and in hand	**281,257**	226,102	**53,369**	61,573
Carrying amount at the end of the financial year	**599,225**	618,198	**143,369**	86,573
Effective interest rate per annum as at the end of the financial year:	**%**	**%**	**%**	**%**
Deposits with licensed banks	**3.14**	1.75	**3.48**	1.92

a. Bank balances, deposits and cash of certain subsidiaries with carrying amount of RM61.6 million (2021: RM75.3 million) were pledged as security for borrowings of the Group (see Note 33).

b. The bank balances, deposit and cash of the Group included bank balances with finance institutions amounting to RM21.4 million (2021: RM31.2 million) as part of the security obligations relating to certain borrowings, of which, RM10.3 million (2021: RM11.1 million) was included in (a) above.

30 SHARE CAPITAL

	Group/Company			
	Number of shares (thousand)		Share capital	
	2022	**2021**	**2022**	**2021**
Issued and fully paid up:				
Ordinary shares with no par value				
At the beginning/end of the financial year	**6,800,839**	6,800,839	**6,800,839**	6,800,839

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31 NON-CONTROLLING INTERESTS

In the opinion of the Directors, the subsidiaries of the Group that have non-controlling interests which are material to the Group as at 31 December 2022 are as follows:

Name of subsidiaries	Proportion of equity held by non-controlling interests 2022	2021	Place of business
Sime Darby Brunsfield Holding Sdn Bhd ("SDBH")	**40%**	40%	Malaysia
Sime Darby Property Selatan Sdn Bhd ("SDPS")	**40%**	40%	Malaysia

Total non-controlling interests of the Group are as follows:

	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
SDBH	**(88,028)**	(67,600)	(77,132)
SDPS	**203,463**	194,921	187,797
Others	**9,643**	14,255	23,976
	125,078	141,576	134,641

The other non-controlling interests are individually not significant.

Summarised financial information

i. The summarised consolidated financial information of each subsidiary that has non-controlling interests that are material to the Group are set out below. The financial information is based on amounts before inter-company eliminations:

	SDBH		SDPS	
	2022	2021 Restated	2022	2021 Restated
Summarised statements of comprehensive income:				
Revenue	**160,416**	173,164	**37,309**	36,869
(Loss)/Profit for the financial year	**(71,564)**	(532)	**37,688**	39,377
Total comprehensive (loss)/income for the financial year	**(71,564)**	(532)	**37,688**	39,377
Attributable to non-controlling interests:				
– (loss)/profit for the financial year	**(28,626)**	(213)	**15,075**	15,751
– other comprehensive income	**–**	–	**–**	–
– total comprehensive (loss)/income	**(28,626)**	(213)	**15,075**	15,751
Dividends paid to owners of non-controlling interests	**–**	–	**(6,600)**	(8,800)

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31 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

i. The summarised consolidated financial information of each subsidiary that has non-controlling interests that are material to the Group are set out below. The financial information is based on amounts before inter-company eliminations: (continued)

	SDBH		SDPS	
	2022	**2021 Restated**	**2022**	**2021 Restated**
Summarised statements of cash flows:				
Net cash from/(used in):				
Operating activities	**132,393**	(29,676)	**125,259**	158,314
Investing activities	**21,933**	15,209	**1,612**	1,299
Financing activities	**(98,174)**	18,583	**(138,711)**	(150,116)
Net increase/(decrease) in cash and cash equivalents	**56,152**	4,116	**(11,840)**	9,497
Cash and cash equivalents at the beginning of the financial year	**25,280**	21,164	**80,772**	71,275
Cash and cash equivalents at the end of the financial year	**81,432**	25,280	**68,932**	80,772

Summarised statements of financial position:

	31.12.2022	**31.12.2021 Restated**	**01.01.2021 Restated**
SDBH			
Non-current assets	**642,234**	359,663	406,806
Current assets	**391,347**	799,104	755,399
Non-current liabilities	**(967,708)**	(1,173,433)	(1,171,058)
Current liabilities	**(320,873)**	(168,770)	(180,441)
Net liabilities	**(255,000)**	(183,436)	(189,294)
SDPS			
Non-current assets	**1,201,020**	1,250,251	1,297,303
Current assets	**245,325**	264,150	283,456
Non-current liabilities	**(814,649)**	(901,327)	(977,188)
Current liabilities	**(123,424)**	(125,990)	(133,504)
Net assets	**508,272**	487,084	470,067

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32 PAYABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
Non-current				
Trade payables [note (a)]	**71,694**	75,423	**–**	–
Other payables	**440**	7,408	**–**	6,667
	72,134	82,831	**–**	6,667
Current				
Trade payables [note (a)]	**955,208**	727,472	**57,805**	50,864
Other payables	**124,853**	109,798	**18,042**	13,746
Accruals	**126,328**	88,742	**57,611**	35,697
Amounts due to:				
– subsidiaries [note (b)]	**–**	–	**195,666**	74,486
– non-controlling interest	**90,230**	90,230	**–**	–
	1,296,619	1,016,242	**329,124**	174,793
Total payables	**1,368,753**	1,099,073	**329,124**	181,460

a. Trade payables

Credit terms of trade payables range from 30 days to 45 days (2021: 30 days to 60 days) except for the following amount owing to a contractor of Pagoh Education Hub, which is on a deferred payment term.

	Group	
	2022	**2021**
Work performed to date	**99,601**	99,601
Accretion of interest	**25,667**	21,338
Progress billing to date	**(45,520)**	(37,466)
	79,748	83,473
Non-current		
Due later than 1 year	**71,694**	75,423
Current		
Due not later than 1 year	**8,054**	8,050
	79,748	83,473

Notes to the Financial Statements
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32 PAYABLES

b. Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

Movements in the amounts due to subsidiaries are as follows:

	Company	
	2022	**2021**
At 1 January	**74,486**	57,152
Advances from subsidiaries	**121,180**	17,334
At 31 December	**195,666**	74,486

33 BORROWINGS

	Group		Company	
	2022	**2021**	**2022**	**2021**
Non-current				
Secured				
Term loans [note (a)]	**271,714**	476,668	**–**	–
Islamic financing [note (b)]	**525,712**	719,058	**298,032**	364,546
Syndicated Islamic term financing [note (c)]	**452,176**	532,763	**–**	–
Unsecured				
Islamic Medium Term Notes [note (d)]	**799,254**	799,095	**799,254**	799,095
Amounts due to non-controlling interests [note (f)]	**235,128**	228,779	**–**	–
	2,283,984	2,756,363	**1,097,286**	1,163,641
Current				
Secured				
Term loans [note (a)]	**199,747**	44,679	**–**	–
Islamic financing [note (b)]	**163,649**	211,836	**66,916**	66,787
Syndicated Islamic term financing [note (c)]	**83,754**	84,468	**–**	–
Unsecured				
Islamic Medium Term Notes [note (d)]	**1,938**	2,087	**1,938**	2,087
Revolving credits [note (e)]	**304,773**	732,167	**304,773**	704,167
	753,861	1,075,237	**373,627**	773,041
Total borrowings	**3,037,845**	3,831,600	**1,470,913**	1,936,682
Secured	**1,696,752**	2,069,472	**364,948**	431,333
Unsecured	**1,341,093**	1,762,128	**1,105,965**	1,505,349
Total borrowings	**3,037,845**	3,831,600	**1,470,913**	1,936,682

Notes to the Financial Statements
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33 BORROWINGS (CONTINUED)

Movements in the borrowings are as follows:

	Group		Company	
	2022	2021	**2022**	2021
At 1 January	**3,831,600**	3,326,469	**1,936,682**	1,299,458
Long-term borrowings:				
– raised	**12,266**	98,791	**–**	–
– repaid	**(385,419)**	(325,252)	**(67,000)**	(67,000)
Short-term borrowings:				
– raised	**215,469**	736,929	**215,469**	708,929
– repaid	**(599,623)**	–	**(571,623)**	–
Finance costs	**134,947**	131,058	**54,426**	42,615
Finance costs paid	**(128,880)**	(130,563)	**(54,526)**	(41,488)
Exchange differences	**(42,515)**	(5,832)	**(42,515)**	(5,832)
At 31 December	**3,037,845**	3,831,600	**1,470,913**	1,936,682

a. Term loans – Secured

	Group	
	2022	2021
The maturity periods are as follows:		
– Less than 1 year	**199,747**	44,679
– Between 1 and 2 years	**33,183**	198,040
– Between 2 and 5 years	**119,313**	99,182
– More than 5 years	**119,218**	179,446
Total	**471,461**	521,347

The term loans of the Group are secured by way of charges over certain property, plant and equipment, investment properties and inventories.

b. Islamic financing – Secured

	Group		Company	
	2022	2021	**2022**	2021
The maturity periods are as follows:				
– Less than 1 year	**163,649**	211,836	**66,916**	66,787
– Between 1 and 2 years	**195,209**	160,179	**66,515**	66,515
– Between 2 and 5 years	**330,503**	558,879	**231,517**	298,031
Total	**689,361**	930,894	**364,948**	431,333

Notes to the Financial Statements
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33 BORROWINGS (CONTINUED)

b. Islamic financing – Secured (continued)

The Islamic financing facilities of the Group and the Company are secured by way of:

i. legal charge over certain land of the subsidiaries;

ii. specific debenture incorporating fixed and floating charges over project assets and properties of certain subsidiaries;

iii. assignment of rights, titles, profits and benefits under project contracts and proceeds from projects and insurance; and

iv. subordination of shareholders advances of certain subsidiaries.

c. Syndicated Islamic term financing – Secured

The Syndicated Islamic term financing consist of four facilities with facility limit of RM895.4 million to four subsidiaries in which the Group has 60% equity interest. The facilities are repayable over 24 semi-annual instalments commencing no later than 36 months from their respective first drawdown dates.

	Group	
	2022	**2021**
The maturity periods are as follows:		
– Less than 1 year	**83,754**	84,468
– Between 1 and 2 years	**80,586**	80,586
– Between 2 and 5 years	**252,950**	248,474
– More than 5 years	**118,640**	203,703
Total	**535,930**	617,231

The Syndicated Islamic term financing are secured by way of:

i. a first ranking debenture incorporating fixed and floating charges over all present and future assets of the four subsidiaries. The carrying value of these assets including cash and bank balances as at 31 December 2022 is RM1,435.0 million (2021: RM1,506.9 million);

ii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits of the pre-completion and post-completion as and when executed;

iii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits under Takaful and insurance;

iv. legal assignment over all of the four subsidiaries' rights, titles, interests and benefits under the performance bonds/guarantees for the project;

v. second legal charge over the shares of the four subsidiaries; and

vi. deed of subordinations to subordinate all shareholders' present and future financing/advances to the four subsidiaries provided that the four subsidiaries may repay the shareholders' advances if the distribution payment conditions are met before and after such payment or repayment.

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33 BORROWINGS (CONTINUED)

d. Islamic Medium Term Note – Unsecured

On 23 November 2020, the Group and the Company have amended its Islamic Medium Term Notes (IMTN) programme of RM4.5 billion under the Shariah principle of Musharakah to incorporate the rating of IMTN programme, as well as terms for the issuance of ASEAN Sustainable and Responsible Investment (SRI) Sukuk, as well as rating of the IMTN programme.

Details of the IMTNs issued on 3 December 2020 and the outstanding balances as at 31 December 2022 are as follows:

Issuance Type	Tenor (Years)	Periodic distribution rate (per annum)	Norminal Value (RM thousand)
ASEAN Sustainability SRI Sukuk Musharakah	5	3.10%	150,000
Sukuk Musharakah	7	3.42%	500,000
Sukuk Musharakah	10	3.64%	150,000

The Sukuk Musharakah Programme has been assigned a final credit rating of $AA+_{IS}$ with a stable outlook by Malaysian Rating Corporation Berhad.

e. Revolving credits

The Group and the Company have a total unsecured revolving credit facilities of RM1.98 billion. The facilities have an availability period of 5 years from the date of the availability of the facilities and the outstanding balances is payable within a year.

f. Amounts due to non-controlling interests

Amounts due to non-controlling interests relate to unsecured shareholders' advances, in proportion to their respective shareholdings in the subsidiaries. The amount included in current is repayable on demand whilst the amount included in non-current is repayable at the discretion of the shareholder with 12 months notice or other terms of repayment as agreed by both the subsidiary and the shareholder.

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33 BORROWINGS (CONTINUED)

g. Other information on borrowings

	Group		Company	
	2022 % per annum	**2021 % per annum**	**2022 % per annum**	**2021 % per annum**
i. Islamic financing				
The average effective distribution payments by currency profile are as follows:				
Ringgit Malaysia				
– Islamic financing	**4.15**	3.02	**4.01**	2.86
– Syndicated Islamic term financing	**7.00**	7.00	**–**	–
– Islamic Medium Term Notes	**3.40**	3.40	**3.40**	3.40
Sterling Pound				
– Revolving credits	**4.00**	0.63	**4.00**	0.63
ii. Conventional financing				
The average effective interest rates by currency profile are as follows:				
Ringgit Malaysia				
– Term loans	**4.24**	3.26	**–**	–
– Revolving credits	**–**	2.51	**–**	2.51
– Amounts due to non-controlling interests	**3.60**	3.60	**–**	–
Sterling Pound				
– Revolving credits	**–**	0.91	**–**	0.91

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33 BORROWINGS (CONTINUED)

g. Other information on borrowings (continued)

iii. Secured financing

As at 31 December 2022, borrowings amounting to RM1,696.8 million (2021: RM2,069.5 million) and RM364.9 million (2021: RM431.3 million) were secured by fixed and floating charges over the assets of the Group and the Company, respectively.

The carrying amounts of assets that the Group and the Company have pledged as collateral for the borrowings are as follows:

	Group		Company	
	2022	**2021 Restated**	**2022**	**2021**
Property, plant and equipment [Note 19]	**67,140**	69,000	**–**	–
Investment properties [Note 20]	**334,402**	187,000	**–**	–
Inventories [Note 21]	**230,830**	733,580	**53,188**	52,925
Contract assets [Note 27]	**1,343,660**	1,397,155	**–**	–
Bank balances, deposits and cash [Note 29]	**61,553**	75,281	**–**	–
Other assets	**29,836**	31,675	**–**	–
	2,067,421	2,493,691	**53,188**	52,925

34 LEASE LIABILITIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
At 1 January	**66,748**	82,937	**15,674**	23,105
Loss on lease modification	**(2,794)**	–	**–**	–
Finance costs [Note 15]	**2,118**	3,285	**383**	613
Payments	**(22,299)**	(20,707)	**(8,046)**	(8,044)
Exchange differences	**1,823**	1,233	**–**	–
At 31 December	**45,596**	66,748	**8,011**	15,674
Non-current				
Due later than 1 year	**24,149**	45,936	**107**	8,012
Current				
Due not later than 1 year	**21,447**	20,812	**7,904**	7,662
	45,596	66,748	**8,011**	15,674

The underlying assets of the lease liabilities are included in property, plant and equipment and investment properties in Notes 19 and 20. Lease contracts are typically entered for fixed periods and the terms are negotiated on an individual basis and contains a wide range of different terms and conditions. The maturity periods of the lease liabilities are shown in Note 41(b).

The lease liabilities of the Company mainly is in relation to a rental of office building from its subsidiary.

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34 LEASE LIABILITIES

a. Leases not included in lease liabilities

Short-term leases, leases of low-value assets and variable lease payments are not included in lease liabilities. Details of these leases which are charged to profit or loss in the current financial year are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Short-term leases	**1,510**	1,447	**178**	162
Leases of the low-value assets	**529**	310	**240**	169
	2,039	1,757	**418**	331

b. Total cash outflow

The total cash outflow for leases are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Included in cashflow used in operating activities				
Lease payments associated with:				
– short-term leases	**1,510**	1,447	**178**	162
– leases of low-value assets	**529**	310	**240**	169
Included in cashflow used in financing activities				
Repayment of lease	**22,299**	20,707	**8,046**	8,044
Total cash outflow	**24,338**	22,464	**8,464**	8,375

35 PROVISIONS

Group	Obligation in relation to a property disposed	Relocation, rectification and construction costs	Total
2022			
At 1 January 2022	**158,205**	**88,508**	**246,713**
Additions	**–**	**11,023**	**11,023**
Accretion of interest [Note 15]	**4,131**	**–**	**4,131**
Utilised	**–**	**(36,572)**	**(36,572)**
Exchange differences	**9,831**	**(31)**	**9,800**
At 31 December 2022	**172,167**	**62,928**	**235,095**
Non-current	**137,020**	**15,545**	**152,565**
Current	**35,147**	**47,383**	**82,530**
	172,167	**62,928**	**235,095**

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35 PROVISIONS (CONTINUED)

Group	Obligation in relation to a property disposed	Relocation, rectification and construction costs	Total
2021			
At 1 January 2021	152,360	95,509	247,869
Additions	–	1,788	1,788
Accretion of interest [Note 15]	3,872	–	3,872
Utilised	–	(8,803)	(8,803)
Exchange differences	1,973	14	1,987
At 31 December 2021	158,205	88,508	246,713
Non-current	125,092	11,520	136,612
Current	33,113	76,988	110,101
	158,205	88,508	246,713

Relocation, rectification and construction costs

	Company	
	2022	**2021**
At 1 January	**4,025**	–
Additions	**9,551**	4,025
At 31 December	**13,576**	4,025
Non-current	**4,025**	–
Current	**9,551**	4,025
	13,576	4,025

a. Obligation in relation to a property disposed

The provision is in relation to an undertaking arrangement entered on the disposal of a property to a joint venture in financial year 2017. The provision, net of the carrying amount of the joint venture, would be RM126.7 million (2021: RM118.2 million).

The provision is calculated based on future rental and other obligations net of estimated sub-lease income and discounted to present value using an appropriate discount rate.

b. Relocation, rectification and construction costs

The provision for relocation, rectification and construction costs are made in relation to property development projects.

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36 DISPOSAL AND DEEMED DISPOSAL OF SUBSIDIARIES

a. On 10 February 2022, the Group via its wholly owned subsidiary, Sime Darby Property (Vietnam) Pte Ltd completed the disposal of its entire 65% interest in OSC Sunrise Apartment Company Limited ("OSC") for a cash consideration of VND60.0 billion (approximately RM10.8 million). The Group registered a gain on disposal of RM8.9 million. The effect of the disposal is disclosed in Note (c) below.

b. Sime Darby Property Ventures (HK) Limited (the "Initial Limited Partner"), a wholly-owned subsidiary of the Group and SDPLOG - IDF 1 (GP) Pte Ltd (formerly known as Sime Darby Property IDF GP Pte Ltd) ("the General Partner") had, on 19 August 2021, entered into an Initial Limited Partnership Agreement to form Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) ("the Fund").

   On 20 June 2022, Sime Darby Property Ventures (MY) Sdn Bhd ("SDP Special Limited Partner"), a wholly-owned subsidiary of the Group, LOGOS Malaysia Sponsor Investments Pte Ltd ("LOGOS Special Limited Partner"), the Initial Limited Partner and the General Partner entered into a Deed of Accession and Withdrawal (the "Deed") to permit the admission of the SDP Special Limited Partner and the LOGOS Special Limited Partner into the Fund.

   The General Partner is a wholly-owned subsidiary of the Group's joint venture, SDPLOG - IDF 1 (JV Holdings) Pte Ltd (formerly known as Industrial Joint Venture (Holdings) Pte Ltd). Pursuant to the Deed, the following companies ceased to be wholly-owned subsidiaries and became joint ventures of the Group:

   i) Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP
   ii) Sime Darby Property – LOGOS Property (IDF Holdings) Pte Ltd (formerly known as Sime Darby Property (IDF Holdings) Pte Ltd)
   iii) SDPLOG 1 (MY Holdings) Sdn Bhd (formerly known as Sime Darby Property (MY Holdings) Sdn Bhd)
   iv) SDPLOG 1 (Industrial Asset I) Sdn Bhd (formerly known as Sime Darby Property (Industrial Asset I) Sdn Bhd)
   v) SDPLOG 1 (Industrial Asset II) Sdn Bhd (formerly known as Sime Darby Property (Industrial Asset II) Sdn Bhd)
   vi) SDPLOG 1 (Industrial Asset III) Sdn Bhd (formerly known as Sime Darby Property (Industrial Asset III) Sdn Bhd)
   vii) SDPLOG 1 (Industrial Asset IV) Sdn Bhd (formerly known as SDPLOG 1 (Industrial Development III) Sdn Bhd and Sime Darby Property (Industrial Development III) Sdn Bhd)
   viii) SDPLOG 1 (Industrial Development I) Sdn Bhd (formerly known as Sime Darby Property (Industrial Development I) Sdn Bhd)
   ix) SDPLOG 1 (Industrial Development II) Sdn Bhd (formerly known as Sime Darby Property (Industrial Development II) Sdn Bhd)

   (collectively, the "IDF Structure")

   The sponsors of the Fund are the Group and LOGOS Property Group Limited ("LOGOS Property"). Upon the admission of LOGOS Special Limited Partner, the IDF Structure is jointly controlled by the Group and LOGOS Property via the General Partner, as decision making on all relevant activities and board reserve matters require unanimous consent from the Group and LOGOS Property.

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36 DISPOSAL AND DEEMED DISPOSAL OF SUBSIDIARIES (CONTINUED)

b. On 23 June 2022, the General Partner, SDP Special Limited Partner, LOGOS Special Limited Partner, OMBAK, a wholly-owned subsidiary of PNB and KWAP entered into the Amended and Restated Limited Partnership Agreement ("LPA") to effect the admission of OMBAK and KWAP as anchor investors for first close of the Fund. Pursuant to the LPA, the IDF structure became a 55%-owned joint venture of the Group. The effect of the dilution of interest in the IDF Structure from wholly-owned subsidiaries to a 55%-owned joint venture is disclosed in Note (c) below.

c. Effects of disposal of a subsidiary and deemed disposal of interest in the IDF structure as at the date of disposal and deemed disposal, respectively, are as follows::

	OSC	**IDF Structure**
Property, plant and equipment	**5,437**	–
Investment properties	**–**	113,468
Deferred tax assets	**–**	10,450
Cash and cash equivalent	**47**	1,263
Other net liabilities	**(47)**	(29,844)
Non-controlling interests	**(1,904)**	–
Net assets disposed	**3,533**	95,337
Gain on disposal	**7,294**	44,072
Sub-total	**10,827**	139,409
Recognition of interest in joint ventures	**–**	(52,435)
Recognition of receivables due from the joint ventures *	**–**	(86,974)
Less: Proceeds to be collected	**(1,066)**	–
Proceeds from disposal, net of transaction costs	**9,761**	–
Less: Cash and cash equivalent in subsidiaries disposed	**(47)**	(1,263)
Net cash inflow/(outflow) from disposal of subsidiaries	**9,714**	(1,263)
Gain on disposal before income tax and reclassification of foreign currency translation reserve	**7,294**	44,072
Reclassification of foreign currency translation reserve to profit or loss	**1,654**	–
	8,948	44,072
Tax expense on gain on disposal	**(1,137)**	–
Gain on disposal after income tax	**7,811**	44,072

* The amount due from joint ventures include receivable in relation to acquisition of investment properties by the IDF Structure prior to the deemed disposal, net of the Group's committed capital injections of RM106.3 million which was paid during the financial year.

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37 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS

a. Material Litigations

(i) Claim against Sime Darby Property (Ara Damansara) Sdn Bhd ("SDPAD")

A civil suit was commenced by 71 purchasers of Ara Hill ("Plaintiffs") against SDPAD, claiming general and specific damages of approximately RM40.0 million and specific performance arising from SDPAD's alleged breaches of the terms of the sale and purchase agreements ("SPAs") and the provisions of various statutes.

The Plaintiffs alleged that the breaches by SDPAD have, amongst others, caused the delay in delivery of strata titles, which caused the Plaintiffs to suffer loss and damage, including indirect losses (which have not been proven by the Plaintiffs). The trial commenced on 16 April 2018. On 28 April 2021, the court allowed the Plaintiffs' application to add the Joint Management Body of Ara Hill as a co-defendant to this suit. A total of 7 trial dates were fixed between April 2018 to December 2022 and new trial dates have been fixed in April 2023.

The Plaintiffs' claim is divided into various allegations leveled against SDPAD. These claims and allegations have yet to be proven by the Plaintiffs and it would be speculative, at this juncture, to ascertain SDPAD's potential liability to the Plaintiffs in respect of this civil suit.

(ii) Arbitration between Bumimetro Construction Sdn Bhd ("BCSB") v Sime Darby Property (KL East) Sdn Bhd ("SDPKE")

BCSB ("Claimant"), the main contractor of a development in Melawati, Kuala Lumpur ("Project") has referred disputes arising from the Project and the construction contract ("Contract") with SDPKE ("Respondent") to arbitration by issuing a notice of arbitration ("Notice") on 20 September 2018. In the Notice, the Claimant is claiming for specific damages of approximately RM40.0 million. The Respondent had disputed the claims by the Claimant, in its written response to the Notice ("Response") on 22 October 2018.

On 22 April 2019, the Respondent filed its Defence and Counterclaim and had counterclaimed for complete works/defects rectification costs incurred, liquidated damages and recoupment of advance payments for an approximate sum of RM36.0 million (subsequently amended to RM40.0 million on 19 June 2020). On 3 March 2021, the Claimant had also amended its claim for specific damages to approximately RM42.0 million.

The arbitration proceedings are being held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing commenced on 15 June 2020 and continued for another 40 days on various dates between June 2020 to September 2022. Further hearing dates have been fixed in April 2023.

Solicitors for the Respondent are of the view that there are tenable grounds on the positions taken by the Respondent in resisting the claim subject to documentary and evidentiary proof.

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37 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

a. Material Litigations (continued)

(iii) Compulsory Land Acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway of the lands owned by Sime Darby Property (Klang) Sdn Bhd ("SDP Klang")

On 26 June 2015, SDP Klang was awarded an aggregate compensation of RM169.3 million by the Land Administrator ("Respondent") in respect of the acquisition by Lembaga Lebuhraya Malaysia ("LLM") of certain plots of lands owned by SDP Klang situated in Mukim Kapar, District of Klang, Selangor ("Lands") which consists of the aggregate compensation for market value of the Lands of RM90.7 million and the aggregate compensation for severance and injurious affection ("IA") of RM78.6 million ("IA Award").

Dissatisfied with the IA Award, on 6 August 2015, LLM lodged their objection to the High Court. On 22 March 2017, the High Court held, inter alia, that the IA Award is to be reduced to RM72.9 million ("First High Court Decision").

LLM appealed against the First High Court Decision and on 22 October 2018, the Court of Appeal remitted the case to the High Court to be re-heard before a new Judge ("Re-Hearing"). The hearing date for the Re-Hearing has been set on 24 to 27 July 2023.

At this juncture, the solicitors for SDP Klang are of the view that there is an even chance that the High Court Judge in the Re-Hearing may arrive at a similar decision as the First High Court Decision.

b. Contingent Liabilities

	Group	
	2022	**2021**
Claims pending against the Group	**82,009**	82,009

As at end of reporting period, no provision has been recognised in the financial statements as legal advice indicates that it is not probable for a material liability to arise.

c. Commitments

i. Capital commitments

	Group		Company	
	2022	**2021**	**2022**	**2021**
Contracted capital commitments:				
– investment properties	**79,618**	8,203	**–**	–
– property, plant and equipment	**28,731**	1,418	**902**	–
– intangible assets	**462**	655	**452**	–
	108,811	10,276	**1,354**	–

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37 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

c. Commitments (continued)

ii. Commitment in relation to joint ventures

The Group's estimated commitment to subscribe for shares in joint ventures pursuant to the respective shareholders' agreements on joint ventures and/or as approved by the Board of Directors are as follows:

	Group	
	2022	**2021**
Joint ventures:		
– Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP	**168,568**	20,884
– Sime Darby Property MIT Development Sdn Bhd	**45,800**	53,000
– Battersea Project Holding Company Limited (31 December 2022: Nil; 31 December 2021: £38.0 million)	**–**	213,989
	214,368	287,873

38 SEGMENT INFORMATION – GROUP

The Group has three (3) reportable business segments – property development, investment and asset management and leisure. The strategic business units offer different products and services, and are managed separately by each Chief Operating Officer. The Senior Management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances are as follows:

Property development	Development of residential, commercial and industrial properties
Investment and asset management	Leasing of properties, and provision of assets and management services
Leisure	Provision of golf, hotel and other recreational facilities and services

Transactions between segments are carried out on agreed terms between both parties. The effects of such intersegment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

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38 SEGMENT INFORMATION - GROUP (CONTINUED)

a. Segment results

2022	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	2,549,507	107,947	84,682	–	2,742,136
Inter-segment	164,284	8,194	4,345	(176,823)	–
	2,713,791	116,141	89,027	(176,823)	2,742,136
Cost of sales	(1,903,349)	(59,026)	(49,051)	95,863	(1,915,563)
Gross profit	810,442	57,115	39,976	(80,960)	826,573
Other operating income	20,119	2,298	141	(190)	22,368
Selling and marketing expenses	(120,514)	(667)	(504)	3,620	(118,065)
Administrative and other expenses	(195,825)	(21,446)	(37,083)	11,318	(243,036)
Operating profit	514,222	37,300	2,530	(66,212)	487,840
Share of results of joint ventures and associates	(14,635)	5,775	–	(17,235)	(26,095)
Segment results	499,587	43,075	2,530	(83,447)	461,745
Other gains/(losses)	891	(65,534)	9,063	44,072	(11,508)
Profit/(Loss) before interest and taxation	500,478	(22,459)	11,593	(39,375)	450,237
Finance income	26,103	90,029	834	(10,970)	105,996
Finance costs	(39,877)	(67,349)	(1,117)	10,970	(97,373)
Profit/(Loss) before tax	486,704	221	11,310	(39,375)	458,860
Tax expense	(136,605)	(15,647)	(1,893)	6,983	(147,162)
Profit/(Loss) for the year	350,099	(15,426)	9,417	(32,392)	311,698
Included in segment results are:					
Depreciation and amortisation	(12,777)	(3,315)	(15,915)	–	(32,007)
Impairment losses on receivables	(3,880)	(147)	(564)	–	(4,591)
Reversal of impairment losses on receivables	948	829	50	–	1,827
Write-down of inventories	(6,270)	–	–	–	(6,270)
Write-off of:					
– property, plant and equipment	–	–	(1)	–	(1)
– inventories	(3,125)	–	–	–	(3,125)
Included in other gains/(losses) are:					
Net changes in fair value on investment properties	2,011	(53,612)	–	–	(51,601)
Loss on lease modification	–	(12,788)	–	–	(12,788)
Gain on disposal of subsidiaries	–	–	8,948	44,072	53,020
Impairment of property, plant and equipment	–	–	(3)	–	(3)

There is no single customer who contributed 10% or more of the Group's total revenue.

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38 SEGMENT INFORMATION – GROUP (CONTINUED)

a. Segment results (continued)

2021 Restated	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	2,069,716	91,312	55,529	–	2,216,557
Inter-segment	91,698	7,994	4,511	(104,203)	–
	2,161,414	99,306	60,040	(104,203)	2,216,557
Cost of sales	(1,597,528)	(52,951)	(34,114)	57,328	(1,627,265)
Gross profit	563,886	46,355	25,926	(46,875)	589,292
Other operating income	11,217	986	549	–	12,752
Selling and marketing expenses	(85,333)	(2,959)	(693)	–	(88,985)
Administrative and other expenses	(150,275)	(14,669)	(39,253)	8,821	(195,376)
Operating profit/(loss)	339,495	29,713	(13,471)	(38,054)	317,683
Share of results of joint ventures and associates	(11,138)	(8,482)	–	3,861	(15,759)
Segment results	328,357	21,231	(13,471)	(34,193)	301,924
Other losses	(7,244)	(21,533)	(428)	–	(29,205)
Profit/(Loss) before interest and taxation	321,113	(302)	(13,899)	(34,193)	272,719
Finance income	14,511	96,435	1,059	(9,232)	102,773
Finance costs	(32,555)	(70,480)	(1,194)	9,232	(94,997)
Profit/(Loss) before tax	303,069	25,653	(14,034)	(34,193)	280,495
Tax expense	(108,699)	(13,632)	329	3,805	(118,197)
Profit/(Loss) for the year	194,370	12,021	(13,705)	(30,388)	162,298
Included in segment results are:					
Depreciation and amortisation	(15,244)	(3,105)	(17,095)	–	(35,444)
Impairment losses on receivables	(146)	(2,661)	(99)	–	(2,906)
Reversal of impairment losses on receivables	1,553	2,811	45	–	4,409
Write-down of inventories	(1,882)	–	–	–	(1,882)
Write-off of:					
– property, plant and equipment	(96)	(2)	–	–	(98)
– inventories	(2,543)	–	–	–	(2,543)
Included in other losses are:					
Net changes in fair value on investment properties	(4,204)	(21,533)	–	–	(25,737)
Impairment of:					
– property, plant and equipment	–	–	(415)	–	(415)
– quoted investments	(2,083)	–	–	–	(2,083)

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38 SEGMENT INFORMATION – GROUP (CONTINUED)

b. Segment assets and liabilities and additions to non-current assets

	Property development	Investment and asset management	Leisure	Elimination	Total
31.12.2022					
Segment assets:					
Operating assets	**9,295,326**	**2,535,848**	**539,439**	**(783,856)**	**11,586,757**
Joint ventures and associates	**2,688,699**	**416,197**	**–**	**(71,101)**	**3,033,795**
	11,984,025	**2,952,045**	**539,439**	**(854,957)**	**14,620,552**
Segment liabilities:					
Liabilities	**1,646,316**	**979,533**	**347,914**	**(783,856)**	**2,189,907**
Additions to non-current assets are as follows:					
– capital expenditure	**9,632**	**17,369**	**1,969**	**–**	**28,970**
– additions to interests in joint ventures	**215,351**	**115,267**	**–**	**–**	**330,618**
	224,983	**132,636**	**1,969**	**–**	**359,588**
31.12.2021					
Restated					
Segment assets:					
Operating assets	9,242,799	2,707,700	519,015	(942,460)	11,527,054
Joint ventures and associates	3,152,715	292,705	–	–	3,445,420
	12,395,514	3,000,405	519,015	(942,460)	14,972,474
Segment liabilities:					
Liabilities	1,285,381	1,145,334	332,045	(942,460)	1,820,300
Additions to non-current assets are as follows:					
– capital expenditure	6,455	10,671	887	–	18,013
– additions to interests in joint ventures	658,929	1,850	–	–	660,779
	665,384	12,521	887	–	678,792

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38 SEGMENT INFORMATION - GROUP (CONTINUED)

b. Segment assets and liabilities and additions to non-current assets (continued)

	Property development	Investment and asset management	Leisure	Elimination	Total
01.01.2021 Restated					
Segment assets:					
Operating assets	9,226,658	2,488,787	550,092	(515,437)	11,750,100
Joint ventures and associates	2,449,162	297,961	–	–	2,747,123
	11,675,820	2,786,748	550,092	(515,437)	14,497,223
Segment liabilities:					
Liabilities	1,005,282	1,037,190	427,290	(515,437)	1,954,325
Additions to non-current assets are as follows:					
– capital expenditure	12,731	17,030	11,705	–	41,466
– additions to interests in joint ventures	33,415	12,450	–	–	45,865
	46,146	29,480	11,705	–	87,331

Capital expenditure consists of the following:

	2022	2021
Property, plant and equipment	**11,280**	5,491
Investment properties	**25,029**	9,030
Intangible assets	**1,739**	3,492
	38,048	18,013

Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

	2022	2021 Restated
Malaysia	**2,727,436**	2,203,681
Singapore	**14,216**	11,956
United Kingdom	**484**	480
Vietnam	**–**	440
	2,742,136	2,216,557

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38 SEGMENT INFORMATION – GROUP (CONTINUED)

Non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
Malaysia	**7,206,395**	6,990,002	7,541,624
United Kingdom	**2,644,031**	3,111,450	2,410,781
Singapore	**77,290**	66,177	72,679
Vietnam	**–**	5,438	5,907
	9,927,716	10,173,067	10,030,991

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
Non-current assets other than financial instruments and deferred tax assets	**9,927,716**	10,173,067	10,030,991
Investments	**48,633**	53,418	56,276
Deferred tax assets	**601,790**	620,605	614,928
Receivables	**102,718**	84,189	91,133
	10,680,857	10,931,279	10,793,328

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Segment assets		
	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
Segment total	**14,620,552**	14,972,474	14,497,223
Tax assets	**642,157**	649,437	647,131
Total	**15,262,709**	15,621,911	15,144,354

	Segment liabilities		
	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
Segment total	**2,189,907**	1,820,300	1,954,325
Tax liabilities	**344,565**	349,295	371,527
Borrowings	**3,037,845**	3,831,600	3,326,469
Lease liabilities	**45,596**	66,748	82,937
Total	**5,617,913**	6,067,943	5,735,258

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39 RELATED PARTIES

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below:

	Group	
	2022	**2021**
a. Transactions between subsidiaries and significant non-controlling interest:		
Turnkey construction works rendered to Sime Darby Brunsfield Holding Sdn Bhd and its subsidiaries ("SDBH Group") by Brunsfield Engineering Sdn Bhd, a company in which Tan Sri Dato' Dr Ir Gan Thian Leong ("Tan Sri Dato' Gan") and Encik Mohamad Hassan Zakaria ("Encik Hassan") are substantial shareholders	**(33,320)**	(135,760)
Maintenance of district cooling system and supply of cooling energy to Sime Darby Property Selatan Satu Sdn Bhd ("SDPS1") by Tunas Cool Energy Sdn Bhd ("TCE"), a company in which Sin Heng Chan (Malaya) Berhad is the ultimate holding company of TCE and an indirect shareholder of SDPS1	**(15,024)**	(8,757)

b. Transactions with shareholders and Government:

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together own 58.0% (2021: 58.2%) as at 31 December 2022 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra ("YPB"). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant control over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

Transactions entered by the Group and the Company with shareholders and government-related entities include purchase of raw materials, placement of bank deposits and use of public utilities and amenities. All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related.

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39 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

	Group		Company	
	2022	**2021**	**2022**	**2021**
b. Transactions with shareholders and Government: (continued)				
Director of PNB				
– Deposit received for land sale (ii)	**1,356**	–	**–**	–
Yayasan Sime Darby				
– Contribution paid/payable to Yayasan Sime Darby	**(20,000)**	(20,000)	**–**	(14,500)
Sime Darby Berhad Group				
– Rental income (iii)	**14,105**	11,917	**–**	–
– Deposit paid for land acquisition (v)	**–**	(28,000)	**–**	–
Sime Darby Plantation Berhad Group				
– Deposit paid for land acquisition (iv)	**(61,800)**	–	**–**	–
– Rental income	**13,106**	11,285	**5,096**	4,147

i. Ombak Real Estate 2 Sdn Bhd ("OMBAK"), a wholly-owned subsidiary of PNB has been admitted as a limited partner of Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) (the "Fund") on 23 June 2022 via an Amended and Restated Limited Partnership Agreement ("LPA") signed between Sime Darby Property Ventures (MY) Sdn Bhd, a wholly-owned subsidiary of the Group, SDPLOG – IDF 1 (GP) Pte Ltd (formerly known as Sime Darby Property IDF GP Pte Ltd) ("General Partner"), LOGOS Malaysia Sponsor Investments Pte Ltd ("LOGOS Special Limited Partner"), and Kumpulan Wang Persaraan (Diperbadankan) ("KWAP"). Further details are included in Note 36 (b).

ii. Sime Darby Property Holdings Sdn Bhd ("SDPH"), a wholly-owned subsidiary of the Group had on 19 July 2022 entered into a conditional Sale and Purchase Agreement ("SPA") with Original Red Mango Sdn Bhd to sell 1 parcel of freehold land with a total net land area measuring approximately 3.71 acres located in Mukim Klang, District of Klang, Selangor for a total cash consideration of RM13.6 million. The Director of Original Red Mango Sdn Bhd is Dato' Johan bin Ariffin, who is also a director of PNB. The proposed land sale is subject to conditions precedent, which includes approvals from the relevant authorities.

iii. The rental agreement between Sime Darby Property Singapore Limited, a wholly-owned subsidiary of the Group and Performance Motors Limited, a wholly-owned subsidiary of Sime Darby Berhad was terminated as at 31 January 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

39 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

b. Transactions with shareholders and Government: (continued)

iv. Sime Darby Property (Bukit Tunku) Sdn Bhd ("SDPBT"), a wholly-owned subsidiary of the Group had on 1 December 2022 entered into a conditional Sale and Purchase Agreement ("SPA") with Sime Darby Plantation Berhad ("SD Plantation") to acquire 3 parcels of freehold land with a total net land area measuring approximately 948.83 acres located in Mukim Kapar, District of Klang, Selangor ("Kapar Land") for a total cash consideration of RM618.0 million.

The proposed Kapar Land acquisition is subject to the following being obtained:

i. approval of the non-interested shareholders of the Group at an extraordinary general meeting of the Group to be convened;

ii. approval of the Estate Land Board for the transfer and acquisition of the Kapar Land; and

iii. where required, the approval, waiver and/or consent of any other relevant authority and/or party.

v. In the previous financial year, Sime Darby Property (MVV Central) Sdn Bhd had on 27 October 2021 entered into a Sale and Purchase Agreement ("SPA") with Kumpulan Sime Darby Berhad ("KSDB"), a wholly owned subsidiary of Sime Darby Berhad, to acquire part of the land held under GRN 76723 Lot No. 3235, Mukim of Labu, District of Seremban, Negeri Sembilan measuring approximately 760.12 acres for a total cash consideration of RM280.0 million.

The land is part of the option land under the Call Option Agreements between SDPB and KSDB, which has been previously disclosed in Section 4.1.2(ii) of the Prospectus of SDPB dated 28 November 2017 issued pursuant to its listing on the Main Market of Bursa Malaysia Securities Berhad.

The purchase price was arrived based on the joint valuation conducted by Sime Darby Property Berhad ("SDPB") and KSDB in September 2021.

The payment terms are as follows:

(a) 10% of the purchase price to be paid on signing of the SPA; and

(b) 90% of the purchase price ("Balance Purchase Price") to be paid within 3 months from the date when all conditions precedent are fulfilled or such other date as the parties may mutually agree in writing.

Completion of the SPA shall take place at the office of KSDB or such other place as the parties agree when the following business shall be transacted:

(a) KSDB shall deliver a letter confirming delivery of vacant possession of the land

(b) A copy of the letter duly signed by KSDB and Sime Darby Plantation Berhad ("Tenant") or such other documentary proof confirming the mutual termination of the tenancy in respect of the land which is currently tenanted to the Tenant pursuant to the tenancy agreement dated 19 July 2017 made between the KSDB and the Tenant (which term was renewed for another 3 years to expire on 28 June 2023); and

(c) Full payment of the Balance Purchase Price to KSDB.

Notes to the Financial Statements

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

39 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

c. Transactions with joint ventures

	Group		Company	
	2022	**2021**	**2022**	**2021**
Aster Real Estate Investment Trust 1				
– Rental expense	**(19,391)**	(17,578)	**–**	–
SDPLOG 1 (Industrial Asset IV) Sdn Bhd				
– Deposit received for land sale (refer below)	**19,588**	–	**–**	–

Sime Darby Property (Klang) Sdn Bhd and Sime Darby Property (Bukit Raja) Sdn Bhd, both wholly-owned subsidiaries of the Group, had on 12 September 2022 entered into a Sale and Purchase Agreement ("SPA") with SDPLOG 1 (Industrial Asset IV) Sdn Bhd, a subsidiary of a joint venture, to sell a parcel of land held under H.S.(D) 159567, PT 78094, Mukim of Kapar, District of Klang, Selangor measuring approximately 56.21 acres for a total cash consideration of RM195.9 million.

d. Transactions with Directors, key management personnel ("KMP") and their close family members

	Group		Company	
	2022	**2021**	**2022**	**2021**
Remuneration of Directors and KMP				
– salaries, fees and other emoluments	**15,932**	12,743	**15,932**	12,743
– defined contribution plan	**1,935**	1,458	**1,935**	1,458
– estimated monetary value of benefits by way of usage of the Group's and of the Company's assets	**411**	298	**411**	298
Sale of properties to a Director of the Company and their close family members	**1,921**	2,034	**–**	–
Sale of properties to KMP and their close family members	**3,004**	–	**–**	–

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly.

The KMP of the Group and the Company includes Directors of the Company and certain members of senior management of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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39 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

e. Outstanding balances with related parties

	Group		Company	
	2022	**2021**	**2022**	**2021**
Amount due to non-controlling interest included in borrowings				
Brunsfield Metropolitan Sdn Bhd	**235,128**	228,779	**–**	–
Included in payables				
Brunsfield Metropolitan Sdn Bhd	**90,230**	90,230	**–**	–
Brunsfield Engineering Sdn Bhd	**18**	6,335	**–**	–
Tunas Cool Energy Sdn Bhd	**–**	1,246	**–**	–

Other than as disclosed above, the significant outstanding balance with related parties are shown in Notes 11, 12, 22, 26, 32 and 33.

40 FINANCIAL INSTRUMENTS

a. Financial instruments measured at fair value

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities
Level 2 Valuation inputs (other than Level 1 input) that are observable for the asset or liability
Level 3 Valuation inputs that are not based on observable market data

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair values of the Group's and the Company's investments are categorised as follows:

	Group/Company	
	2022	**2021**
Level 3 – unquoted shares	**48,633**	53,418

Unquoted shares are measured at Level 3 of the fair value hierarchy. The fair values of the unquoted shares are determined using valuation technique based on inputs other than quoted prices.

Notes to the Financial Statements

For the financial year ended 31 December 2022

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40 FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial instruments measured at amortised cost

Other than the financial liabilities disclosed below, the carrying amounts of the financial assets and liabilities approximate their fair values due to the insignificant impact of discounting and the relative short term nature of the financial instruments.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
2022				
Payables	**1,368,753**	**1,372,837**	**329,124**	**329,124**
Borrowings	**3,037,845**	**3,045,475**	**1,470,913**	**1,431,548**
2021				
Payables	1,099,073	1,106,706	181,460	181,460
Borrowings	3,831,600	3,871,836	1,936,682	1,911,692

41 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk and foreign exchange risk. The policy on financial risk management is described in Note 5.

Details of each significant financial risk are as follows:

a. Interest rate risk

The percentages of fixed rate borrowings to the total borrowings are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Fixed rate borrowings	**1,337,122**	1,418,413	**801,192**	801,182
Floating rate borrowings	**1,700,723**	2,413,187	**669,721**	1,135,500
Total borrowings	**3,037,845**	3,831,600	**1,470,913**	1,936,682
Percentage of fixed rate borrowings over total borrowings	**44.0%**	37.0%	**54.5%**	41.4%

Notes to the Financial Statements
For the financial year ended 31 December 2022

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41 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

a. Interest rate risk (continued)

The following table demonstrates the effect of changes in interest rate of floating rate borrowings. If the interest rate increased by 50 basis points (2021: 25 basis points), with all variables held constant, the Group's and the Company's profit after taxation, total comprehensive income and equity will be affected by higher interest expense as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Higher interest expense	**6,463**	4,585	**2,545**	2,157

b. Liquidity and cash flow risks

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities as at the end of the financial year are as follows:

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
Group						
2022						
Payables	**1,215,605**	**58,289**	**55,380**	**75,170**	**1,404,444**	**1,368,753**
Borrowings	**870,858**	**396,638**	**1,521,940**	**646,053**	**3,435,489**	**3,037,845**
Lease liabilities	**24,562**	**2,526**	**63,665**	**–**	**90,753**	**45,596**
	2,111,025	**457,453**	**1,640,985**	**721,223**	**4,930,686**	**4,452,194**
2021						
Payables	945,080	46,769	64,020	83,224	1,139,093	1,099,073
Borrowings	1,198,469	536,484	1,262,753	1,328,568	4,326,274	3,831,600
Lease liabilities	23,300	23,300	4,566	61,625	112,791	66,748
	2,166,849	606,553	1,331,339	1,473,417	5,578,158	4,997,421
Company						
2022						
Payables	**316,390**	**9,164**	**3,570**	**–**	**329,124**	**329,124**
Borrowings	**421,835**	**100,435**	**957,079**	**165,920**	**1,645,269**	**1,470,913**
Lease liabilities	**8,044**	**108**	**–**	**–**	**8,152**	**8,011**
	746,269	**109,707**	**960,649**	**165,920**	**1,982,545**	**1,808,048**
2021						
Payables	166,472	5,833	9,155	–	181,460	181,460
Borrowings	816,526	101,632	536,320	687,114	2,141,592	1,936,682
Lease liabilities	8,044	8,044	108	–	16,196	15,674
	991,042	115,509	545,583	687,114	2,339,248	2,133,816

Notes to the Financial Statements

For the financial year ended 31 December 2022

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41 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

b. Liquidity and cash flow risks (continued)

As at the end of reporting year, the Company's current liabilities exceed its current assets by RM195.9 million (2021: RM304.2 million). Excluding revolving credits borrowings which are classified under current liabilities, the Company is in net current assets position of RM108.8 million (2021: RM400.0 million).

The Directors are of the view that the Company is able to meet its obligations for the next twelve months from the reporting date. The Company has unutilised credit facilities as disclosed in Note 5(a)(iii) which it can tap upon at an appropriate time. In addition, the future dividend distribution from its subsidiaries are expected to alleviate the liquidity position of the Company.

c. Credit risk

The maximum exposure and collateral and credit enhancements are as follows:

	Group		Company	
	Maximum exposure	**Collateral and credit enhancements**	**Maximum exposure**	**Collateral and credit enhancements**
2022				
Receivables	**965,333**	**620,175**	**1,665,792**	**39,226**
Contract assets	**2,353,515**	**1,009,855**	**19,027**	**19,027**
Cash held under Housing Development Accounts	**386,092**	**–**	**20,878**	**–**
Bank balances, deposits and cash	**599,225**	**–**	**143,369**	**–**
	4,304,165	**1,630,030**	**1,849,066**	**58,253**
2021				
Receivables	788,435	670,721	1,982,584	62,000
Contract assets	2,346,009	948,854	38,583	38,583
Cash held under Housing Development Accounts	291,466	–	17,290	–
Bank balances, deposits and cash	618,198	–	86,573	–
	4,044,108	1,619,575	2,125,030	100,583

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For the financial year ended 31 December 2022

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41 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

d. Foreign currency exchange risk

Other than borrowings denominated in foreign currencies, the Group and the Company do not have other significant financial asset or liabilities denominated in foreign currency as at end of financial year.

The currency profiles of the Group's and the Company's borrowings are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Borrowings:				
– denominated in GBP	**304,773**	654,167	**304,773**	654,167
– denominated in functional currency	**2,733,072**	3,177,433	**1,166,140**	1,282,515
	3,037,845	3,831,600	**1,470,913**	1,936,682

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency denominated borrowings against the functional currency, after taking into account the impact of hedging. If GBP strengthened against RM by 5% (2021: 5%), with all variables held constant, the Company's profit after taxation and equity will be affected by higher foreign currency exchange losses as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Higher foreign currency exchange losses	**–***	–*	**(15,239)**	(32,708)

* The Group is exposed to currency translation risk arising from its net investment in Battersea. Since the previous financial year, the GBP denominated borrowings were drawndown to provide capital injections to Battersea and is designated as a net investment hedge. As such, the unrealised foreign exchange differences in relation to the GBP denominated borrowings was adjusted to the Group's other comprehensive income and is offset against the foreign exchange differences arising from the underlying net investment.

42 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as the ultimate holding company. Both companies are incorporated in Malaysia.

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43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2022	Group's effective interest (%) 2021	Auditors
Subsidiaries					
Harvard Golf Resort (Jerai) Berhad	Leasing of clubhouse building and golf course	Malaysia	**100.0**	100.0	1
Harvard Hotel (Jerai) Sdn Bhd	Leasing of hotel building	Malaysia	**100.0**	100.0	1
Impian Golf Resort Berhad	Provision of golfing and sporting services	Malaysia	**100.0**	100.0	1
Kuala Lumpur Golf & Country Club Berhad	Provision of golfing and sporting services and property development	Malaysia	**100.0**	100.0	1
MVV Holdings Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Brunsfield Damansara Sdn Bhd	Property development and property investment	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Holding Sdn Bhd	Investment holding, property development and provision of management services	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Kenny Hills Sdn Bhd	Property development	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Motorworld Sdn Bhd	Investment holding	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Properties Holding Sdn Bhd	Property investment and property management services	Malaysia	**60.0**	60.0	1
Sime Darby Brunsfield Resort Sdn Bhd	Property development	Malaysia	**60.0**	60.0	1
Sime Darby Nilai Utama Sdn Bhd	Property development	Malaysia	**70.0**	70.0	1
Sime Darby Property (Ainsdale) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Ampar Tenang) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1

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43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2022	2021	Auditors
Subsidiaries (continued)					
Sime Darby Property (Ara Damansara) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Asset I) Sdn Bhd	Property investment and provision of property management services	Malaysia	**100.0**	100.0	1
Sime Darby Property (BBR Asset I) Sdn Bhd	Property investment	Malaysia	**100.0**	-	4
Sime Darby Property (BBR Asset II) Sdn Bhd	Property investment	Malaysia	**100.0**	-	4
Sime Darby Property (BBR Asset III) Sdn Bhd	Property investment	Malaysia	**100.0**	-	4
Sime Darby Property (BBR Asset IV) Sdn Bhd	Property investment	Malaysia	**100.0**	-	4
Sime Darby Property (BBR Industrial I) Sdn Bhd	Property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Jelutong) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Raja) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Subang) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Tunku) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (BUP Asset I) Sdn Bhd	Property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Chemara) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (City of Elmina) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1

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43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2022	Group's effective interest (%) 2021	Auditors
Subsidiaries (continued)					
Sime Darby Property (Convention Centre) Sdn Bhd	Operation of a convention centre	Malaysia	**100.0**	100.0	1
Sime Darby Property (Elmina Lakeside Mall) Sdn Bhd	Property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Golfhome) Sdn Bhd	Property investment and property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Golftek) Sdn Bhd	Property investment and property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Ironwood) Sdn Bhd	Property investment and property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (KL East) Sdn Bhd	Property development, property management and property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Klang) Sdn Bhd	Provision of management services	Malaysia	**100.0**	100.0	1
Sime Darby Property (KLGCC Resort) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Lagong) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Lembah Acob) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Lukut) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (MVV Central) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Nilai Realty) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Nilai) Sdn Bhd	Property development and property management	Malaysia	**100.0**	100.0	1
Sime Darby Property (Pagoh) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1

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43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2022	2021	Auditors
Subsidiaries (continued)					
Sime Darby Property (Sabah) Sdn Bhd	Property development and investment holding	Malaysia	**100.0**	100.0	1
Sime Darby Property (Saujana Impian) Sdn Bhd	Property development and property management	Malaysia	**100.0**	100.0	1
Sime Darby Property (Selangor) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Serenia City) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (SJ7) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Subang) Sdn Bhd	Property development, property management and property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Sungai Kapar) Sdn Bhd	Investment holding, property development and property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Utara) Sdn Bhd	Property development and property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property Holdings Sdn Bhd	Property investment and provision of property management services	Malaysia	**100.0**	100.0	1
Sime Darby Property Management Sdn Bhd	Property management services and property investment holding	Malaysia	**100.0**	100.0	1
Sime Darby Property Selatan (Holding) Sdn Bhd	Property development, property investment and investment holding	Malaysia	**100.0**	100.0	1
Sime Darby Property Selatan Sdn Bhd	Investment holding, asset management and construction	Malaysia	**60.0**	60.0	1
Sime Darby Property Selatan Satu Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	**60.0**	60.0	1

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43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2022	Group's effective interest (%) 2021	Auditors
Subsidiaries (continued)					
Sime Darby Property Selatan Dua Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	**60.0**	60.0	1
Sime Darby Property Selatan Tiga Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	**60.0**	60.0	1
Sime Darby Property Selatan Empat Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	**60.0**	60.0	1
Sime Darby Property Urus Harta Sdn Bhd	Investment holding and property management services	Malaysia	**100.0**	100.0	1
Sime Darby Property Ventures (MY) Sdn Bhd	Investment holding	Malaysia	**100.0**	-	1
Superglade Sdn Bhd	Project development services	Malaysia	**60.0**	60.0	1
Sime Darby Property (Capital Holdings) Pte Ltd	Investment holding	Singapore	**100.0**	100.0	3
Sime Darby Property Singapore Limited	Property management and investment holding	Singapore	**100.0**	100.0	3
Sime Darby Property (Vietnam) Pte Ltd	Investment holding	Singapore	**100.0**	100.0	3
Sime Darby Property Hong Kong) Limited	Investment holding	Hong Kong SAR	**100.0**	100.0	2
Sime Darby Property (London) Limited	Property investment holding	United Kingdom	**100.0**	100.0	3

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43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2022	2021	Auditors
Joint ventures					
PJ Midtown Development Sdn Bhd	Property development	Malaysia	**30.0**	30.0	1
SDPLOG1 (MY Holdings) Sdn Bhd (formerly known as Sime Darby Property (MY Holdings) Sdn Bhd)	Investment holding	Malaysia	**55.0**	-	1
Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd	Property investment	Malaysia	**50.0**	50.0	3
Sime Darby Property MIT Development Sdn Bhd	Investment holding and project management	Malaysia	**50.0**	50.0	1
Sime Darby Property Sunrise Development Sdn Bhd	Property development	Malaysia	**50.0**	50.0	1
Aster Real Estate Investment Trust 1	Real estate investment	Singapore	**25.0**	25.0	3
SDPLOG – IDF 1 (JV Holdings) Pte Ltd (formerly known as Industrial Joint Venture (Holdings) Pte Ltd)	Investment holding	Singapore	**51.0**	51.0	2
Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP)	Trust, funds and other similar activities	Singapore	**55.0**	100.0	2

Notes to the Financial Statements

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2022	Group's effective interest (%) 2021	Auditors
Joint ventures (continued)					
Battersea Project Holding Company Limited	Property development and investment holding	Jersey	**40.0**	40.0	2
Battersea Power Station Development Company Limited	Development management services	United Kingdom	**40.0**	40.0	2
Battersea Power Station Estates Limited	Property/residential sales services	United Kingdom	**40.0**	40.0	2
Associates					
Kuantan Pahang Holding Sdn Bhd	Investment holding	Malaysia	**30.0**	30.0	1
Mostyn Development Sdn Bhd	Property development	Malaysia	**30.0**	30.0	3
Shaw Brothers (M) Sdn Bhd	Investment holding	Malaysia	**36.0**	36.0	3
Yayasan Sime Darby	Administration of scholarship awards and educational loans and undertake sports, environmental conservation and sustainability projects	Malaysia	**@**	–	1

@ Yayasan Sime Darby is a company without share capital, limited by guarantee

Notes to the Financial Statements
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43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries which are dormant/inactive as at 31 December 2022 are as follows:

Name of company	Country of incorporation	Group's effective interest (%) 2022	Group's effective interest (%) 2021	Auditors
Subsidiaries				
Sime Darby Brunsfield Australia Pte Ltd	British Virgin Islands	**60.0**	60.0	4
Sime Darby Brunsfield Property Sdn Bhd	Malaysia	**70.0**	70.0	1
Sime Darby Builders Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Constant Skyline Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Selarong) Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (Kulai) Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (USJ) Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (H&L) Sdn Bhd (formerly known as Sime Darby Property (H&L) Berhad and Highlands & Lowlands Berhad)	Malaysia	**100.0**	–	1
Sime Darby Property (UEP) Sdn Bhd (formerly known as Sime Darby Property (UEP) Berhad and Sime UEP Properties Berhad)	Malaysia	**100.0**	–	1
The Glengowrie Rubber Company Sdn Berhad	Malaysia	**78.7**	78.7	1
Sime Darby Property Real Estate Management Pte Ltd	Singapore	**100.0**	100.0	3
Sime Darby Property Ventures (HK) Limited	Hong Kong SAR	**100.0**	100.0	4
Key Access Holdings Limited	British Virgin Islands	**100.0**	100.0	4
Robt Bradford Hobbs Savill Limited	United Kingdom	**98.6**	98.6	4
Robt Bradford & Co Limited	United Kingdom	**100.0**	100.0	4

Notes to the Financial Statements
For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

The subsidiaries placed under members' voluntary liquidation or deregistered during the financial year are as follows:

Name of company	Country of incorporation	Group's effective interest (%) 2022	2021
Subsidiaries			
Vibernum Limited	Guernsey	**100.0**	100.0
OSC Sunrise Apartment Company Limited	Vietnam	–	65.0
Darby Park (Management) Pte Ltd	Singapore	–	100.0

Notes:

1. Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.
2. Subsidiaries, joint ventures and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.
3. Subsidiaries, joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
4. No legal requirements to appoint auditors or newly incorporated entities for which auditors have yet to be appointed.

44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

(a) Adoption of FV model for IP and reclassification

As mentioned in Note 2(c) and with reference to Note 3(d), the Group had changed the accounting policy for investment properties from cost model to fair value model. The effect of the change in accounting policy was adjusted retrospectively for the earliest period presented as if the basis used had always been consistently applied.

(b) The Group had also made certain reclassifications to more appropriately reflect the nature of the cost capitalised and expensed-off as follows:

– reclassification of fit-out costs from investment properties to non-current and current receivables; and consequently,
– reclassification of the amortisation of fit-out costs as lease incentives from cost of sales to revenue.

The reclassifications have no effect on (1) the profit for the current and previous financial year; and (2) retained earnings.

(c) Prior year adjustment in relation to the deferred tax liabilities, tax provision and tax recoverable arising from reassessment of industrial building allowances claims.

During the financial year, certain subsidiaries of the Group had reassessed the terms and conditions associated with the Industrial Building Allowances ("IBA") and the corresponding basis used in deferred tax recognition. As a result thereof, the Group has made relevant retrospective restatements to the deferred tax liabilities, tax provision and tax recoverable balances with corresponding adjustments to the Group's retained earnings for the earliest period presented. Details of the adjustments are disclosed in the notes (i) – (iv) below.

Notes to the Financial Statements
For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTINUED)

The effects of adoption of the change in accounting policy and prior year adjustment on the results for the financial year ended 31 December 2021, the financial positions as at 1 January 2021 and 31 December 2021 and the statement of cash flows as at 31 December 2021 are as follows:

i. Reconciliation of statement of profit or loss for the financial year ended 31 December 2021

Group	As previously stated	Adoption of FV model for IP	Reclassi-fication	Tax adjustments on IBA claims	As restated
Revenue	2,219,924	–	(3,367)	–	2,216,557
Cost of sales	(1,656,201)	25,569	3,367	–	(1,627,265)
Gross profit	563,723	25,569	–	–	589,292
Other operating income	12,752	–	–	–	12,752
Selling and marketing expenses	(88,985)	–	–	–	(88,985)
Administrative and other expenses	(195,691)	315	–	–	(195,376)
Operating profit	291,799	25,884	–	–	317,683
Other losses	(2,520)	(26,685)	–	–	(29,205)
Share of results of joint ventures	(29,578)	12,045	–	–	(17,533)
Share of results of associates	776	998	–	–	1,774
Profit before interest and taxation	260,477	12,242	–	–	272,719
Finance income	102,773	–	–	–	102,773
Finance costs	(94,997)	–	–	–	(94,997)
Profit before taxation	268,253	12,242	–	–	280,495
Taxation	(117,265)	170	–	(1,102)	(118,197)
Profit for the financial year	150,988	12,412	–	(1,102)	162,298
Other comprehensive income	58,984	398	–	–	59,382
Total comprehensive income for the financial year	209,972	12,810	–	(1,102)	221,680
Profit for the financial year attributable to:					
– owners of the Company	136,904	10,650	–	(661)	146,893
– non-controlling interests	14,084	1,762	–	(441)	15,405
	150,988	12,412	–	(1,102)	162,298
Total comprehensive income for the financial year attributable to:					
– owners of the Company	195,558	11,048	–	(661)	205,945
– non-controlling interests	14,414	1,762	–	(441)	15,735
	209,972	12,810	–	(1,102)	221,680
Basic and diluted earnings per share attributable to owners of the Company (Sen)	2.0				2.2

Notes to the Financial Statements

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTINUED)

The effects of adoption of the change in accounting policy and prior year adjustment on the results for the financial year ended 31 December 2021, the financial positions as at 1 January 2021 and 31 December 2021 and the statement of cash flows for the financial year ended 31 December 2021 are as follows: (continued)

ii. Reconciliation of statement of financial position as at 1 January 2021

Group	As previously stated	Adoption of FV model for IP	Reclassi-fication	Tax adjustments on IBA claims	As restated
NON-CURRENT ASSETS					
Investment properties	709,030	226,115	(13,060)	–	922,085
Joint ventures	2,476,101	125,845	–	–	2,601,946
Associates	139,142	6,035	–	–	145,177
Deferred tax assets	617,535	(2,607)	–	–	614,928
Receivables	80,790	–	10,343	–	91,133
Other non-current assets	6,418,059	–	–	–	6,418,059
	10,440,657	355,388	(2,717)	–	10,793,328
CURRENT ASSETS					
Receivables	622,660	–	2,717	–	625,377
Other current assets	3,725,649	–	–	–	3,725,649
	4,348,309	–	2,717	–	4,351,026
TOTAL ASSETS	14,788,966	355,388	–	–	15,144,354
EQUITY					
Share capital	6,800,839	–	–	–	6,800,839
Other reserves	77,197	514	–	–	77,711
Retained profits	2,135,808	331,567	–	(71,470)	2,395,905
Attributable to owners of the Company	9,013,844	332,081	–	(71,470)	9,274,455
Non-controlling interests	179,529	2,759	–	(47,647)	134,641
	9,193,373	334,840	–	(119,117)	9,409,096
NON-CURRENT LIABILITIES					
Deferred tax liabilities	172,562	20,548	–	119,117	312,227
Other non-current liabilities	3,555,293	–	–	–	3,555,293
	3,727,855	20,548	–	119,117	3,867,520
CURRENT LIABILITIES	1,867,738	–	–	–	1,867,738
TOTAL LIABILITIES	5,595,593	20,548	–	119,117	5,735,258
TOTAL EQUITY AND LIABILITIES	14,788,966	355,388	–	–	15,144,354

Notes to the Financial Statements

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTINUED)

The effects of adoption of the change in accounting policy and prior year adjustment on the results for the financial year ended 31 December 2021, the financial positions as at 1 January 2021 and 31 December 2021 and the statement of cash flows for the financial year ended 31 December 2021 are as follows: (continued)

iii. Reconciliation of statement of financial position as at 31 December 2021

Group	As previously stated	Adoption of FV model for IP	Reclassi-fication	Tax adjustments on IBA claims	As restated
NON-CURRENT ASSETS					
Investment properties	774,002	225,236	(11,952)	–	987,286
Joint ventures	3,161,988	138,364	–	–	3,300,352
Associates	138,035	7,033	–	–	145,068
Deferred tax assets	623,212	(2,607)	–	–	620,605
Receivables	75,152	–	9,037	–	84,189
Other non-current assets	5,793,779	–	–	–	5,793,779
	10,566,168	368,026	(2,915)	–	10,931,279
CURRENT ASSETS					
Receivables	713,283	–	2,915	–	716,198
Tax recoverable	31,607	–	–	(2,775)	28,832
Other current assets	3,945,602	–	–	–	3,945,602
	4,690,492	–	2,915	(2,775)	4,690,632
TOTAL ASSETS	15,256,660	368,026	–	(2,775)	15,621,911
EQUITY					
Share capital	6,800,839	–	–	–	6,800,839
Other reserves	135,851	912	–	–	136,763
Retained profits	2,204,704	342,217	–	(72,131)	2,474,790
Attributable to owners of the Company	9,141,394	343,129	–	(72,131)	9,412,392
Non-controlling interests	185,143	4,521	–	(48,088)	141,576
	9,326,537	347,650	–	(120,219)	9,553,968
NON-CURRENT LIABILITIES					
Deferred tax liabilities	184,700	20,376	–	115,283	320,359
Other non-current liabilities	3,265,499	–	–	–	3,265,499
	3,450,199	20,376	–	115,283	3,585,858
CURRENT LIABILITIES					
Tax provision	26,775	–	–	2,161	28,936
Other current liabilities	2,453,149	–	–	–	2,453,149
	2,479,924	–	–	2,161	2,482,085
TOTAL LIABILITIES	5,930,123	20,376	–	117,444	6,067,943
TOTAL EQUITY AND LIABILITIES	15,256,660	368,026	–	(2,775)	15,621,911

Notes to the Financial Statements

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTINUED)

The effects of adoption of the change in accounting policy and prior year adjustment on the results for the financial year ended 31 December 2021, the financial positions as at 1 January 2021 and 31 December 2021 and the statement of cash flows for the financial year ended 31 December 2021 are as follows: (continued)

iv. Reconciliation of statement of cash flows for the financial year ended 31 December 2021

Group	As previously	Adoption of FV model for IP	Tax adjustments on IBA claims	As restated
Profit for the financial year	150,988	12,412	(1,102)	162,298
Adjustments for:				
Share of results of:				
– joint ventures	29,578	(12,045)	–	17,533
– associates	(776)	(998)	–	(1,774)
Depreciation of investment properties	29,251	(29,251)	–	–
Gain on disposal of investment properties	(948)	948	–	–
Net changes in fair value on investment properties	–	25,737	–	25,737
Taxation	117,265	(170)	1,102	118,197
Changes in working capital:				
– receivables and prepayments	(90,916)	3,367	–	(87,549)
Other cash flow from operating activities	259,898	–	–	259,898
Net cash from operating activities	494,340	–	–	494,340

45 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 23 March 2023.