

ISKANDAR WATERFRONT CITY BERHAD  
196801000661 (8256-A)  
(Incorporated in Malaysia)

**Directors' Report and Audited Financial Statements**  
31 December 2021

**196801000661 (8256-A)**

**Iskandar Waterfront City Berhad  
(Incorporated in Malaysia)**

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**Iskandar Waterfront City Berhad  
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**Directors' report**

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

**Principal activities**

The principal activity of the Company is investment holding.

The principal activities and other information of the subsidiaries are disclosed in Note 16 to the financial statements.

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss net of tax	<u>(27,929)</u>	<u>(1,433)</u>
Attributable to:		
Owners of the parent	<u>(27,929)</u>	<u>(1,433)</u>

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

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, other than as disclosed in the financial statements.

**Dividend**

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

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**Directors**

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Hj. Ayub Bin Mion\*\*

Tan Sri Dato' Lim Kang Hoo\*\*

Datuk Lim Keng Guan\*\*

Wong Khai Shiuan\*\*

Khoo Boon Ho\*\*

Bernard Hilary Lawrence

Lim Foo Seng

Lim Chen Heng \*\*

(Alternate director to Tan Sri Dato' Lim Kang Hoo)

Tuan Hj. Lukman Bin Abu Jari @ Abu Bakar (appointed on 10 September 2021)

Kang Hui Ling (appointed on 1 December 2021)

Dato' Hj. Ramlee Bin Hj. A. Rahman (appointed on 25 August 2021; resigned on 31 August 2021)

Dato' Hj. Mohd Noorazam Bin Dato' Hj. Osman (resigned on 21 August 2021)

\*\* These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Dato' Hj. Md. Zahari Bin Md. Zin

Tan Teow Keat

Datin Paduka Hjh. Aminah Binti Hashim (deceased on 7 June 2021)

**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 and Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

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**Directors' interests**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	<b>1 January 2021</b>	<b>Acquired</b>	<b>Sold</b>	<b>31 December 2021</b>
<b>Ordinary shares in the Company</b>				
<b>Direct interest</b>				
Tan Sri Dato' Lim Kang Hoo	5,540,700	-	-	5,540,700
<b>Deemed interest</b>				
Tan Sri Dato' Lim Kang Hoo	315,846,069	-	-	315,846,069

Tan Sri Dato' Lim Kang Hoo by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares or options over shares in the Company or its related corporations during the financial year.

**Issue of shares**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM726,946,310 to RM766,883,505 by way of issuance of 83,783,885 ordinary shares at an issue price of RM0.48 per ordinary share through a private placement exercise for working capital purposes.

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

**Holding company**

The holding company of the Company is Iskandar Waterfront Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia. The ultimate holding company of the Company is Credence Resources Sdn. Bhd., a company incorporated and domiciled in Malaysia.

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**Other statutory information**

- (a) Before the statements of comprehensive income and statements of the financial position of the Group and of 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 making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) the Group and the Company will be able to meet its financial obligations as the holding company and related companies have agreed to provide continuing financial support to enable the Group and the Company to meet their obligations and liabilities as and when they fall due; and
  - (ii) 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 or of the Company for the financial year in which this report is made.

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**Subsequent event**

Details of a subsequent event are disclosed in Note 37 to the financial statements.

**Auditors**

Auditors' remuneration is as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Ernst & Young PLT		
- Statutory audit	332	145
- Other services	18	8
	<u>350</u>	<u>153</u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2022.

Dato' Hj. Ayub Bin Mion

Wong Khai Shiuan

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**Statement by directors  
Pursuant to Section 251(2) of the Companies Act 2016**

We, Dato' Hj. Ayub Bin Mion and Wong Khai Shiuan, being two of the directors of Iskandar Waterfront City Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 14 to 83 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2022.

Dato' Hj. Ayub Bin Mion

Wong Khai Shiuan

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

I, Noralisa Binti Ramli, being the officer primarily responsible for the financial management of Iskandar Waterfront City Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 14 to 83 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )  
by the abovenamed Noralisa Binti )  
Ramli at Johor Bahru in the State of )  
Johor Darul Ta'zim on 28 April 2022. )

Noralisa Binti Ramli  
(MIA 27321)

Before me,



**196801000661 (8256-A)**  
**Independent auditors' report to the members of**  
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**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Iskandar Waterfront City Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 83.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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**Independent auditors' report to the members of**  
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*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

**Revenue and cost of sales from property development contracts**

As disclosed in Note 4 and Note 5 to the financial statements, the Group's revenue of RM13,697,000 and cost of sales of RM15,484,000 are derived from development properties, representing approximately 76% and 70% of the Group's total revenue and total cost of sales, respectively, for the financial year ended 31 December 2021.

The Group recognises revenue and profit from its development properties based on the progress towards complete satisfaction of a performance obligation that is achieved over time. The amount of revenue and profit recognised is dependent on, amongst others, the extent of actual costs incurred to-date, the actual number of units sold and the total estimated revenue for each of the respective development projects.

We identified revenue and cost of sales from development properties as matters requiring audit focus as significant management judgments and estimates are involved in measuring the progress towards satisfaction of the performance obligations.

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*Key audit matters (cont'd)*

**Revenue and cost of sales from property development contracts (cont'd)**

To address these areas of audit focus, we have performed, amongst others, the following procedures:

- Obtained an understanding of management's internal controls over the revenue recognition process, including controls over the timing of revenue recognition, the estimation of total property development costs and gross profit margin, and the progress towards the satisfaction of the Group's performance obligations of property development activities;
- Obtained an understanding of the terms and conditions of the contracts entered into with the customers for the significant projects/phases to establish the impact of those terms and conditions on revenue recognition;
- Evaluated the assumptions applied in estimating the total property development costs of each significant project/phase, by examining documentary evidence such as letters of award issued to contractors to support the total estimated costs;
- Evaluated the progress towards complete satisfaction of a performance obligation by examining supporting evidence such as contractors' progress claims and suppliers' invoices; and
- Observed the progress of the property development phases by performing site visits and discussed the status of on-going property development phases with management, finance personnel and project officials.

**Net realizable value of inventory properties**

The overhang of unsold properties in the market is an indication that the Group's inventory properties may be required to be written down to net realizable value ("NRV"). As disclosed in Note 14 to the financial statements, the Group's non-current and current inventory properties as at 31 December 2021 amounted to RM122,355,000 and RM1,162,603,000 respectively, representing 82% of the Group's total assets.

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**Independent auditors' report to the members of**  
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*Key audit matters (cont'd)*

**Net realizable value of inventory properties (cont'd)**

The Group continues to monitor the realizable value of these inventories to ensure that these inventories are stated at the lower of cost and NRV (the estimated selling price less estimated costs necessary to make the sale).

The estimates of NRV often involve a certain degree of subjectivity. Accordingly, we consider this area to be an area of audit focus due to the subjectivity involved and the magnitude of the inventory properties' carrying amount as at 31 December 2021.

To address these areas of audit focus, we have performed, amongst others, the following procedures:

- We obtained an understanding of the internal controls performed by management in estimating the NRV of these inventories and in evaluating the risk of overstatement of inventories by reference to the headroom between the cost and estimated NRV;
- Where independent valuers have been engaged to estimate the fair values of the properties for purposes of estimating the NRV, we assessed the capability, independence and objectivity of the independent valuers, and reviewed the methodology adopted by the independent valuers in estimating the fair value of the properties and assessed whether such methodology is consistent with those used in the industry.

*Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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.

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*Information other than the financial statements and auditors' report thereon (cont'd)*

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

*Responsibilities of the directors for the financial statements*

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

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**Independent auditors' report to the members of**  
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*Auditors' responsibilities for the audit of the financial statements*

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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**Independent auditors' report to the members of**  
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*Auditors' responsibilities for the audit of the financial statements (cont'd)*

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

**Other matters**

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

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Tan Jin Xiang  
03348/01/2024 J  
Chartered Accountant

Johor Bahru, Malaysia  
Date: 28 April 2022

**Iskandar Waterfront City Berhad**  
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**Statements of comprehensive income**  
**For the year ended 31 December 2021**

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue, net	4	18,001	108,247	-	-
Cost of sales	5	(22,175)	(64,849)	-	-
Gross (loss)/profit		(4,174)	43,398	-	-
<b>Other items of income</b>					
Other income	6	103	268	-	76
Finance income		850	1,628	29	35
<b>Other items of expenses</b>					
Administrative expenses		(6,905)	(19,731)	(1,372)	(1,151)
Selling and marketing expenses		(501)	(1,285)	-	-
Finance costs	7	(18,175)	(22,475)	(90)	(97)
Share of results of associate	17(b)(ii)	(2,395)	(285)	-	-
<b>(Loss)/profit before tax</b>	8	(31,197)	1,518	(1,433)	(1,137)
Income tax credit/(expense)	11	3,268	(3,195)	-	-
<b>Loss net of tax, representing total comprehensive loss for the year</b>		<u>(27,929)</u>	<u>(1,677)</u>	<u>(1,433)</u>	<u>(1,137)</u>
<b>Loss attributable to:</b>					
Owners of the parent		<u>(27,929)</u>	<u>(1,677)</u>	<u>(1,433)</u>	<u>(1,137)</u>
Loss per share attributable to owners of the parent (sen):					
Basic, for loss for the year	12	<u>(3.03)</u>	<u>(0.20)</u>		
Diluted, for loss for the year	12	<u>(3.03)</u>	<u>(0.20)</u>		

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



**Iskandar Waterfront City Berhad**  
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**Statements of financial position**  
**As at 31 December 2021**

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	1,322	1,701	219	281
Inventory properties - Land held for property development	14(a)	122,355	122,355	-	-
Investment properties	15	95	90	-	-
Investment in subsidiaries	16	-	-	508,596	508,596
Investment in associates	17	-	2,395	-	-
Other non-current asset	18	90	90	-	-
Trade and other receivables	20	-	-	102,838	101,838
Deferred tax assets	30	21,556	19,879	-	-
		<u>145,418</u>	<u>146,510</u>	<u>611,653</u>	<u>610,715</u>
<b>Current assets</b>					
Inventory properties					
- Property development costs	14(b)	1,162,603	1,136,284	-	-
Inventories	19	65,318	68,122	-	-
Trade and other receivables	20	126,944	157,600	196,546	158,397
Contract assets	21	21,918	23,110	-	-
Prepayments		898	1,369	-	-
Tax recoverable		5,620	1,950	-	-
Cash and bank balances	23	41,460	41,720	2,030	1,831
		<u>1,424,761</u>	<u>1,430,155</u>	<u>198,576</u>	<u>160,228</u>
<b>Total assets</b>		<u><u>1,570,179</u></u>	<u><u>1,576,665</u></u>	<u><u>810,229</u></u>	<u><u>770,943</u></u>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Loans and borrowings	24	151,293	187,107	100,000	100,000
Trade and other payables	26	239,658	256,989	4,094	3,313
Contract liabilities	27	19,440	20,075	-	-
Provisions	28	5,409	5,876	-	-
Income tax payable		10,980	10,981	-	-
		<u>426,780</u>	<u>481,028</u>	<u>104,094</u>	<u>103,313</u>
<b>Net current assets</b>		<u><u>997,981</u></u>	<u><u>949,127</u></u>	<u><u>94,482</u></u>	<u><u>56,915</u></u>

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**Statements of financial position (cont'd)**  
**As at 31 December 2021**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>					
Loans and borrowings	24	18,058	42	-	-
Trade and other payables	26	251,711	233,933	-	-
Deferred tax liabilities	30	96,597	96,638	-	-
		<u>366,366</u>	<u>330,613</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>		<u>793,146</u>	<u>811,641</u>	<u>104,094</u>	<u>103,313</u>
<b>Net assets</b>		<u>777,033</u>	<u>765,024</u>	<u>706,135</u>	<u>667,630</u>
<b>Equity attributable to owners of the parent</b>					
Share capital	29	766,884	726,946	766,884	726,946
Retained earnings/ (accumulated losses)		<u>10,149</u>	<u>38,078</u>	<u>(60,749)</u>	<u>(59,316)</u>
<b>Total equity</b>		<u>777,033</u>	<u>765,024</u>	<u>706,135</u>	<u>667,630</u>
<b>Total equity and liabilities</b>		<u>1,570,179</u>	<u>1,576,665</u>	<u>810,229</u>	<u>770,943</u>

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

196801000661 (8256-A)

**Iskandar Waterfront City Berhad  
(Incorporated in Malaysia)**

**Statements of changes in equity  
For the year ended 31 December 2021**

<b>Group</b>	<b>Non-distributable Share capital RM'000</b>	<b>Distributable Retained earnings RM'000</b>	<b>Total RM'000</b>
<b>Opening balance at 1 January 2021</b>	726,946	38,078	765,024
Issue of ordinary shares	40,195	-	40,195
Share issuance expenses	(257)	-	(257)
<b>Total comprehensive loss</b>	<u>-</u>	<u>(27,929)</u>	<u>(27,929)</u>
<b>Closing balance at 31 December 2021</b>	<u>766,884</u>	<u>10,149</u>	<u>777,033</u>
<b>Opening balance at 1 January 2020</b>	726,946	39,755	766,701
<b>Total comprehensive loss</b>	<u>-</u>	<u>(1,677)</u>	<u>(1,677)</u>
<b>Closing balance at 31 December 2020</b>	<u>726,946</u>	<u>38,078</u>	<u>765,024</u>

**Iskandar Waterfront City Berhad**  
**(Incorporated in Malaysia)**

**Statements of changes in equity (cont'd)**  
**For the year ended 31 December 2021**

<b>Company</b>	<b>Non-distributable Share capital RM'000</b>	<b>Accumulated losses RM'000</b>	<b>Total RM'000</b>
<b>Opening balance at 1 January 2021</b>	726,946	(59,316)	667,630
Issue of ordinary shares	40,195	-	40,195
Share issuance expenses	(257)	-	(257)
<b>Total comprehensive loss</b>	<u>-</u>	<u>(1,433)</u>	<u>(1,433)</u>
<b>Closing balance at 31 December 2021</b>	<u>766,884</u>	<u>(60,749)</u>	<u>706,135</u>
<b>Opening balance at 1 January 2020</b>	726,946	(58,179)	668,767
<b>Total comprehensive loss</b>	<u>-</u>	<u>(1,137)</u>	<u>(1,137)</u>
<b>Closing balance at 31 December 2020</b>	<u>726,946</u>	<u>(59,316)</u>	<u>667,630</u>

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

**Iskandar Waterfront City Berhad**  
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**Statements of cash flows**  
**For the year ended 31 December 2021**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>				
(Loss)/profit before tax	(31,197)	1,518	(1,433)	(1,137)
Adjustments for:				
Depreciation of property, plant and equipment	384	526	67	69
Write off of property, plant and equipment	-	3	-	-
Gain on disposal of investment property	-	(20)	-	-
Fair value gain on investment property	(5)	(2)	-	-
Finance costs	18,175	22,475	90	97
Finance income	(850)	(1,628)	(29)	(35)
Share of results of an associate	2,395	285	-	-
Provisions	1,730	1,879	-	-
Reversal of foreseeable loss in respect of construction contracts	(220)	(211)	-	-
Loss on winding up of associate	-	18	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Operating (loss)/profit before changes in working capital	(9,588)	24,843	(1,305)	(1,006)
Property development costs	(22,287)	13,980	-	-
Inventories	2,804	9,466	-	-
Receivables	31,127	76,823	(39,149)	1,516
Payables	(15,416)	(82,229)	781	(426)
Contract assets	1,192	26,366	-	-
Contract liabilities	(415)	16,809	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Cash flows (used in)/generated from operating activities	(12,583)	86,058	(39,673)	84
Interest paid	(8,210)	(12,135)	(90)	(97)
Taxes paid	(2,121)	(12,570)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash flows (used in)/generated from operating activities	(22,914)	61,353	(39,763)	(13)

**Iskandar Waterfront City Berhad**  
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**Statements of cash flows (cont'd)**  
**For the year ended 31 December 2021**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Investing activities</b>				
Interest received	850	1,628	29	35
Subscription of redeemable preference shares in associate	-	(2,000)	-	-
Purchase of property, plant and equipment	(5)	(20)	(5)	(10)
Proceeds from disposal of investment properties	-	480	-	-
Net cash inflow on winding up of associate	-	132	-	-
<b>Net cash flows generated from investing activities</b>	<b>845</b>	<b>220</b>	<b>24</b>	<b>25</b>
<b>Financing activities</b>				
Proceeds from issuance of ordinary shares	40,195	-	40,195	-
Share issuance expenses	(257)	-	(257)	-
Withdrawal/(placement) of pledged deposits	17,314	3,015	(28)	(32)
Drawdown of loans and borrowings	-	6,846	-	-
Repayment of short term borrowings	(17,894)	(72,658)	-	-
Repayment of obligations under hire purchase	(146)	(346)	-	-
<b>Net cash flows generated from/ (used in) financing activities</b>	<b>39,212</b>	<b>(63,143)</b>	<b>39,910</b>	<b>(32)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,143</b>	<b>(1,570)</b>	<b>171</b>	<b>(20)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>(4,358)</b>	<b>(2,788)</b>	<b>154</b>	<b>174</b>
<b>Cash and cash equivalents at end of year (Note 23)</b>	<b>12,785</b>	<b>(4,358)</b>	<b>325</b>	<b>154</b>

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

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**Iskandar Waterfront City Berhad  
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**Notes to the financial statements  
For the year ended 31 December 2021**

## **1. Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Ta'zim. The principal place of business of the Company is located at G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor Darul Ta'zim.

The holding company of the Company is Iskandar Waterfront Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia. The ultimate holding company of the Company is Credence Resources Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The principal activity of the Company is investment holding. The principal activities and other information of the subsidiaries are disclosed in Note 16.

## **2. Summary of significant accounting policies**

### **2.1 Basis of preparation**

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

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

The financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The Group reported net losses of RM27,929,000 for the financial year ended 31 December 2021. As at that date, included in the Group's net current assets of RM997,981,000 are inventories - property development costs of RM1,162,603,000 which are not readily convertible to cash, and restricted fixed deposits amounting to RM15,590,000 which are pledged as security for banking facilities granted to the Group (Notes 14 and 23).

**Iskandar Waterfront City Berhad  
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**2. Summary of significant accounting policies (cont'd)**

**2.1 Basis of preparation (cont'd)**

The directors are of the view that it is appropriate to prepare these financial statements on a going concern basis, the validity of which is dependent on:

- a) Continued financial support from its director cum shareholder. Subsequent to the end of the current financial year, the director cum shareholder had injected cash advances amounting to RM11,850,000 through a related company. Based on the management's cash flow projections, the director cum shareholder will inject up to RM28,000,000 of new advances (in addition to the RM11,850,000 already received subsequent to the end of the financial year) during the course of the financial year ending 31 December 2022 to enable the Group and Company to meet their obligations as and when they fall due; and
- b) Successful and timely completion of the Group's property development plans including sale of lands to generate additional cash to meet its working capital and other financing needs.

In the unlikely event that the above plans do not materialise as anticipated, the Group has unencumbered inventory properties with carrying amount of RM1,019,483,000 as at 31 December 2021 which are available to pledge as security for additional banking facilities to obtain funds to support the Group's and Company's working capital and other financing needs.

Should the going concern for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

**2.2 Change in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2021, the Group and the Company adopted the following new amendments mandatory for annual financial periods beginning on or after 1 January 2021.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform-Phase 2	1 January 2021

The adoption of the above new amendments did not have any significant impact on the financial statements.



**Iskandar Waterfront City Berhad**  
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**2. Summary of significant accounting policies (cont'd)**

**2.3 Standards issued but not yet effective**

The standards, amendments and annual improvements that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, amendments and annual improvements, if applicable, when they become effective.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendments to MFRS 3 Business Combinations: References to the Conceptual Framework	1 January 2022
Amendments to MFRS 137: Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors are of opinion that the standards, annual improvements and amendments above would not have any material impact on the financial statements in the year of initial adoption.

**2.4 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

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

**Iskandar Waterfront City Berhad  
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**2. Summary of significant accounting policies (cont'd)**

**2.4 Basis of consolidation (cont'd)**

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment in an associate.

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

**Iskandar Waterfront City Berhad  
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**2. Summary of significant accounting policies (cont'd)**

**2.5 Associates**

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognise its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from the transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

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

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**2. Summary of significant accounting policies (cont'd)**

**2.6 Current versus non-current classification**

Assets and liabilities in the statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2.7 Foreign currency**

**(a) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

**(b) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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**2. Summary of significant accounting policies (cont'd)**

**2.7 Foreign currency (cont'd)**

**(b) Foreign currency transactions (cont'd)**

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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

**2.8 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Renovation	10 years
Plant, equipment, fittings, motor vehicles and computers	4 - 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

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**2. Summary of significant accounting policies (cont'd)**

**2.9 Investment properties**

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

**2.10 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (CGU)).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata

Impairment losses are recognised in profit or loss.

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**2. Summary of significant accounting policies (cont'd)**

**2.10 Impairment of non-financial assets (cont'd)**

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

**2.11 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

**(a) Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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**2. Summary of significant accounting policies (cont'd)**

**2.11 Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

**Initial recognition and measurement (cont'd)**

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

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

**Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's and the Company's only financial assets are its financial assets at amortised cost (debt instruments).

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

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

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

The Group's and the Company's financial assets at amortised cost comprise solely of its trade and other receivables balances.



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**2. Summary of significant accounting policies (cont'd)**

**2.11 Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

**Derecognition**

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

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

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

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

**Impairment of financial assets**

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

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**2. Summary of significant accounting policies (cont'd)**

**2.11 Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

**Impairment of financial assets (cont'd)**

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

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

The Group and the Company consider a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**(b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

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**2. Summary of significant accounting policies (cont'd)**

**2.11 Financial instruments (cont'd)**

**(b) Financial liabilities**

**Subsequent measurement**

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

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

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

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

**(c) Offsetting of financial instruments**

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

**2.12 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value net of bank overdrafts and deposits pledged with licensed bank for banking facilities. These also include bank overdrafts that form an integral part of the Group's cash management.

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**2. Summary of significant accounting policies (cont'd)**

**2.13 Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

**2.14 Inventory properties**

Inventory properties are properties acquired or being constructed for sale in the ordinary course of business, rather than be held for the Group's own use, rental or capital appreciation.

Inventory properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of inventory properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventory properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

For those lands where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle, such land is classified as Inventory properties - Land held for property development within non-current assets and is stated at cost less any accumulated impairment losses.

At the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle, the properties shall be reclassified from non-current to current.

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**2. Summary of significant accounting policies (cont'd)**

**2.15 Inventories**

Unsold inventories of completed commercial and residential properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**2.16 Provisions**

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

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

**2.17 Financial guarantee contracts**

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

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

**2.18 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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**2. Summary of significant accounting policies (cont'd)**

**2.19 Employee benefits**

**Defined contribution plans**

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**2.20 Leases**

**(i) As lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's incremental borrowing rate. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

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**2. Summary of significant accounting policies (cont'd)**

**2.20 Leases (cont'd)**

**(ii) As lessor**

The Group classified its leases as either operating lease or finance lease. Leases where the Group retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

**2.21 Revenue from contracts with customers**

The Group recognises revenue from contracts with customers based on the five-step model as set out below:

- (i) Identify contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met;
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation; and
- (v) Recognise revenue when (or as) the Group satisfies a performance obligation.

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**2. Summary of significant accounting policies (cont'd)**

**2.21 Revenue from contracts with customers (cont'd)**

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:

- (i) Do not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is measured at the fair value of consideration received or receivable.

**(a) Sale of development properties**

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

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

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

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

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



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**2. Summary of significant accounting policies (cont'd)**

**2.21 Revenue from contracts with customers (cont'd)**

**(a) Sale of development properties (cont'd)**

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

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

**(b) Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.13.

**(c) Interest income**

Interest income is recognised using the effective interest method.

**(d) Dividend income**

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

**(e) Rental income**

Rental income is recognised over time for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**(f) Sales of land**

Revenue from sale of land is recognised when all the conditions precedent in the sales and purchase agreement are fulfilled and upon transfer of significant risk and rewards of ownership of the land to the purchaser.

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**2. Summary of significant accounting policies (cont'd)**

**2.22 Contract assets and contract liabilities**

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sale of development properties.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development properties.

**2.23 Taxes**

**(a) Current income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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**2. Summary of significant accounting policies (cont'd)**

**2.23 Taxes (cont'd)**

**(b) Deferred tax (cont'd)**

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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**2. Summary of significant accounting policies (cont'd)**

**2.24 Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

**2.25 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**2.26 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

**2.27 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

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

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**2. Summary of significant accounting policies (cont'd)**

**2.27 Fair value measurement (cont'd)**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

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

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**3. Significant accounting judgments and estimates**

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

The key judgments, key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Property development revenue**

The Group recognises property development revenue and expenses in the profit or loss over time or at a point in time. The Group recognises revenue and profit from its property development activities based on progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the proportion of cost of the property development costs incurred to date over the total estimated property development costs.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development projects. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

**(b) Provision for liquidated ascertained damages ("LAD")**

The Group has ongoing construction and property development projects that have not been completed by the contractual deadline.

For construction projects, the management has estimated LAD amounting to RM7,705,000 (2020: RM7,607,000) based on the revised project schedule and the terms of the contract. The Group has arrived at this estimation based on its prior experience with similar contracts.

For property development, the management has estimated LAD of RM10,674,000 (2020: RM6,874,000) based on the revised project schedule and has arrived at this estimation based on its prior experience with similar property development projects.

The management considers that these amounts will not be significantly affected by a reasonably possible change in the assumptions applied in deriving the estimated LAD.

**(c) Net realizable value ("NRV") of inventory properties**

The Group's inventory properties are stated at the lower of cost and NRV. The NRV of the Group's inventory properties are estimated based on the evidence available at the time the estimates are made and take into consideration factors including amongst others, recent transacted prices of similar properties within the vicinity and where applicable, estimated costs to completion. In arriving at these estimates, the Group relies on its past experience and/or the work of independent valuation specialists.

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**3. Significant accounting judgments and estimates (cont'd)**

Based on the NRV assessment, the directors concluded that no write down of inventory properties was necessary as the NRV of the Group's inventory properties as at 31 December 2021 exceeded their costs.

Further details of the Group's inventory properties are disclosed in Note 14.

**4. Revenue**

**(a) Disaggregation of revenue**

	Group			
	Gross revenue		Net revenue	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Construction contracts, recognised over time	387	5,204	387	5,204
Marketing and management services rendered, recognised over time	266	330	266	330
Development properties, recognised over time	17,850	92,475	13,697	91,252
Completed properties, recognised at a point in time	3,651	12,167	3,651	11,461
	<u>22,154</u>	<u>110,176</u>	<u>18,001</u>	<u>108,247</u>

**(b) Judgement and methods used in estimating revenue**

Recognition of revenue from development properties over time

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. LAD amounting to RM4,153,000 (2020: RM1,929,000) was used to offset against the gross revenue amounting to RM22,154,000 (2020: RM110,176,000) to arrive at the net revenue of RM18,001,000 (2020: RM108,247,000).

The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties.

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**4. Revenue (cont'd)**

**(c) Accounting arising from contracts**

Breakdown of the receivables, contract assets and contract liabilities arising from contracts of the Group are as disclosed in Note 20, 21, and 27.

**(d) Performance obligations**

Breakdown of the performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date are as disclosed in Note 21 and 27.

**5. Cost of sales**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Construction costs	2,560	5,603
Marketing and management services costs	224	278
Property development costs	15,484	52,628
Cost of completed properties	3,907	6,340
	<u>22,175</u>	<u>64,849</u>

**6. Other income**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental income	34	3	-	-
Sundry income	64	243	-	76
Fair value gain on investment property (Note 15)	5	2	-	-
Gain on disposal of investment property	-	20	-	-
	<u>103</u>	<u>268</u>	<u>-</u>	<u>76</u>



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**7. Finance costs**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- Bank borrowings	8,210	12,135	90	97
- Loan from related company	13,666	13,714	-	-
Amount capitalised in property development costs (Note 14)	(4,032)	(4,876)	-	-
Amortisation of transaction costs on loan (Note 24)	331	1,502	-	-
	<u>18,175</u>	<u>22,475</u>	<u>90</u>	<u>97</u>

**8. (Loss)/profit before tax**

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Employee benefits expense (Note 9)	3,555	15,155	243	220
Auditors' remuneration:				
- statutory audit	332	209	145	60
- other services	18	11	8	7
Depreciation of property, plant and equipment (Note 13)	384	526	67	69
Write off of property, plant and equipment (Note 13)	-	3	-	-
Fair value gain on investment property (Note 15)	(5)	(2)	-	-
Gain on disposal of investment property	-	(20)	-	-
Interest income from licensed banks	(850)	(1,628)	(29)	(35)
Provisions (Note 28)	1,730	1,879	-	-
Reversal of foreseeable losses in respect of construction contracts	(220)	(211)	-	-
Loss on winding up of associate	-	18	-	-
	<u>-</u>	<u>18</u>	<u>-</u>	<u>-</u>

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**9. Employee benefits expense**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries and bonus	3,038	14,492	165	138
Social security contributions	26	39	1	1
Defined contribution plan	286	399	14	15
Other staff related expenses	205	225	63	66
	<u>3,555</u>	<u>15,155</u>	<u>243</u>	<u>220</u>

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM502,000 (2020: RM6,038,000) with further details disclosed in Note 10.

**10. Key management personnel compensation**

The remuneration of key management during the year is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Directors of the Company</b>				
Executive:				
Salaries, bonus and other emoluments	383	5,921	383	709
Fees and allowances	119	117	119	117
	<u>502</u>	<u>6,038</u>	<u>502</u>	<u>826</u>
Non-executive:				
Fees and allowances	241	262	241	262
<b>Directors of the subsidiaries</b>				
Non-executive:				
Fees and allowances	52	76	-	-
Total	<u>795</u>	<u>6,376</u>	<u>743</u>	<u>1,088</u>
Analysis:				
Total executive directors (excluding benefits-in-kind) (Note 9)	502	6,038	502	826
Estimated money value of benefits-in-kind	34	34	34	34
Total non-executive directors	<u>293</u>	<u>338</u>	<u>241</u>	<u>262</u>
Total directors' remuneration	<u>829</u>	<u>6,410</u>	<u>777</u>	<u>1,122</u>

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**11. Income tax (credit)/expense**

**Major components of income tax (credit)/expense**

The major components of income tax (credit)/expense for the years ended 31 December 2021 and 2020 are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Statement of comprehensive income:</b>				
Current income tax:				
Malaysian income tax	-	7,270	-	-
Overprovision in prior years	(1,550)	(447)	-	-
	<u>(1,550)</u>	<u>6,823</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	(2,704)	(3,389)	-	-
Under/(over)provision in prior years	986	(239)	-	-
	<u>(1,718)</u>	<u>(3,628)</u>	<u>-</u>	<u>-</u>
Income tax (credit)/expense recognised in profit or loss	<u>(3,268)</u>	<u>3,195</u>	<u>-</u>	<u>-</u>

**Reconciliation between income tax and accounting (loss)/profit**

The reconciliation between income tax and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 is as follows:

	2021 RM'000	2020 RM'000
<b>Group</b>		
(Loss)/profit before tax	<u>(31,197)</u>	<u>1,518</u>
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	(7,487)	364
Adjustments:		
Effect of expenses not deductible for tax purposes	1,140	2,537
Effect of income not subject to tax	(77)	(107)
Deferred tax assets not recognised	3,145	1,019
Overprovision of income tax in prior years	(1,550)	(447)
Under/(over)provision of deferred tax in prior years	986	(239)
Share of results of associate	<u>575</u>	<u>68</u>
Income tax (credit)/expense recognised in profit or loss	<u>(3,268)</u>	<u>3,195</u>

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**11. Income tax (credit)/expense (cont'd)**

**Reconciliation between income tax and accounting (loss)/profit (cont'd)**

<b>Company</b>	<b>2021</b> <b>RM'000</b>	<b>2020</b> <b>RM'000</b>
Loss before tax	<u>(1,433)</u>	<u>(1,137)</u>
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(344)	(273)
Adjustments:		
Effect of expenses not deductible for tax purposes	133	87
Effect of income not subject to tax	(7)	(8)
Deferred tax assets not recognised	<u>218</u>	<u>194</u>
Income tax expense recognised in profit or loss	<u><u>-</u></u>	<u><u>-</u></u>

Domestic income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable loss for the year.

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

	<b>Group</b>	
	<b>2021</b> <b>RM'000</b>	<b>2020</b> <b>RM'000</b>
Unutilised business losses:		
- expiring in YA 2025	52,378	52,378
- expiring in YA 2026	469	330
- expiring in YA 2027	40	40
- expiring in YA 2028	7,189	-
Unabsorbed capital allowances	106	105
Other deductible temporary differences	<u>24,966</u>	<u>19,192</u>
	<u><u>85,148</u></u>	<u><u>72,045</u></u>

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**12. Loss per share**

Basic and diluted loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

The following reflects the inputs used in the computation of basic and diluted loss per share for the years ended 31 December:

	<b>2021</b>	<b>2020</b>
Net loss attributable to owners of the parent (RM'000)	<u>(27,929)</u>	<u>(1,677)</u>
Weighted average number of ordinary shares for basic loss per share computation ('000 units)	893,215	837,389
Basic loss per share (sen)	<u>(3.13)</u>	<u>(0.20)</u>
Diluted loss per share (sen)	<u>(3.13)</u>	<u>(0.20)</u>

**13. Property, plant and equipment**

<b>Group</b>	<b>Renovation RM'000</b>	<b>Plant, equipment and fittings RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January 2020	338	3,071	5,004	8,413
Additions	-	20	-	20
Written off	-	(5)	-	(5)
At 31 December 2020 and 1 January 2021	338	3,086	5,004	8,428
Additions	-	5	-	5
At 31 December 2021	338	3,091	5,004	8,433
<b>Accumulated depreciation</b>				
At 1 January 2020	315	2,568	3,320	6,203
Charge for the year (Note 8)	2	121	403	526
Written off	-	(2)	-	(2)
At 31 December 2020 and 1 January 2021	317	2,687	3,723	6,727
Charge for the year (Note 8)	2	97	285	384
At 31 December 2021	319	2,784	4,008	7,111
<b>Net carrying amount</b>				
At 31 December 2020	<u>21</u>	<u>399</u>	<u>1,281</u>	<u>1,701</u>
At 31 December 2021	<u>19</u>	<u>307</u>	<u>996</u>	<u>1,322</u>

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**13. Property, plant and equipment (cont'd)**

Company	Renovation RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Computer RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2020	31	85	526	572	1,214
Additions	-	-	10	-	10
At 31 December 2020 and 1 January 2021	31	85	536	572	1,224
Additions	-	-	-	5	5
At 31 December 2021	31	85	536	577	1,229
<b>Accumulated depreciation</b>					
At 1 January 2020	9	48	315	502	874
Charge for the year (Note 8)	2	8	59	-	69
At 31 December 2020 and 1 January 2021	11	56	374	502	943
Charge for the year (Note 8)	2	8	44	13	67
At 31 December 2021	13	64	418	515	1,010
<b>Net carrying amount</b>					
At 31 December 2020	20	29	162	70	281
At 31 December 2021	18	21	118	62	219

Included in property, plant and equipment of the Group are motor vehicles with net carrying amount of RM437,000 (2020: RM516,000) held under hire purchase.

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**14. Inventory properties****Group****(a) Land held for property development**

	<b>Freehold land RM'000</b>	<b>Leasehold land RM'000</b>	<b>Development expenditure RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	90,000	28,873	3,482	122,355

**(b) Property development costs****Cumulative property  
development costs**

At 1 January 2021	631,161	312,280	493,008	1,436,449
Costs incurred during the year	-	-	39,401	39,401
At 31 December 2021	631,161	312,280	532,409	1,475,850

**Cumulative costs recognised  
in profit or loss**

At 1 January 2021	(11,338)	(38,170)	(250,657)	(300,165)
Recognised during the year	-	-	(13,082)	(13,082)
At 31 December 2021	(11,338)	(38,170)	(263,739)	(313,247)

Property development costs at 31 December 2021	619,823	274,110	268,670	1,162,603
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**14. Inventory properties (cont'd)**

**(b) Property development costs (cont'd)**

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
<b>Cumulative property development costs</b>				
At 1 January 2020	631,161	312,280	752,505	1,695,946
Costs incurred during the year	-	-	28,955	28,955
Reversal of completed project	-	-	(247,322)	(247,322)
Transfer to inventory	-	-	(41,130)	(41,130)
At 31 December 2020	631,161	312,280	493,008	1,436,449
<b>Cumulative costs recognised in profit or loss</b>				
At 1 January 2020	(11,338)	(38,170)	(445,796)	(495,304)
Recognised during the year	-	-	(52,183)	(52,183)
Reversal of completed project	-	-	247,322	247,322
At 31 December 2020	(11,338)	(38,170)	(250,657)	(300,165)
Property development costs at 31 December 2020	619,823	274,110	242,351	1,136,284

The land held for property development with carrying value of RM265,475,000 (2020: RM261,950,000) has been pledged as security for borrowing as disclosed in Note 24.

Leasehold land registered under the name of a shareholder of the Company

By a Development Agreement dated 23 March 1999 between certain subsidiaries and Kumpulan Prasarana Rakyat Johor Sdn. Bhd. ("KPRJ"), a shareholder of the Company, these subsidiaries were granted beneficial ownership of various parcels of leasehold land. On 19 May 2006, the subsidiaries were exempted by the Securities Commission Malaysia from the requirement of registering the lands under the names of the subsidiaries. On 28 December 2006, titles to a portion of the leasehold lands were registered under the names of the subsidiaries. At the reporting date, leasehold land and development expenditure with carrying value of RM212,194,000 (2020: RM226,393,000) are registered under the name of KPRJ.

Rehabilitation of abandoned project

Pursuant to a Development Agreement signed in 1999 ("DA") between Tebrau Bay Sdn. Bhd. ("TBSB"), a subsidiary of the Group, and Aset Nusantara Development Sdn. Bhd. ("ANDSB"), an associated company of the Group, ANDSB was granted power of attorney ("PA") to develop a parcel of the Group's land with carrying amount of RM19,527,000 (2020: RM18,786,000). The PA was terminated on 6 April 2010 as ANDSB was not able to fulfil the terms of the DA. ANDSB is currently undergoing liquidation and the development has been classified by the authorities as an abandoned project.



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**14. Inventory properties (cont'd)**

Rehabilitation of abandoned project (cont'd)

In 2015, TBSB entered into a Construction Agreement with the liquidator of ANDSB to rehabilitate the abandoned project. Construction work commenced in 2016 and revenue and costs relating to the rehabilitation of the project are recognised in the statements of comprehensive income. The outcome of the construction cannot be reliably measured due to incomplete information on the number of house buyers and amount of progress billings. Accordingly, the revenue is recognised to the extent of costs incurred that is probable will be

Interest expenses capitalised in property development costs

Interest expenses incurred to finance the reclamation of land, amounting to RM4,032,000 (2020: RM4,876,000) have been capitalised in property development costs.

**15. Investment properties**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	90	548
Fair value adjustment (Note 6)	5	2
Disposal	-	(460)
At 31 December	95	90

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Valuations are performed by an accredited independent valuer, Raine & Horne International Zaki + Partners Sdn. Bhd.. The valuations are based on the comparison method, which involves comparing and adopting as a yardstick, recent transactions and sale evidences involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties do not differ from their current use.

Significant unobservable valuation input:

	<b>Range</b>	
	<b>2021</b>	<b>2020</b>
Price per square foot	RM98 - RM118	RM90 - RM124

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**16. Investment in subsidiaries**

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted ordinary shares, in Malaysia, at cost	460,192	460,192
Unquoted redeemable preference shares, in Malaysia	95,000	95,000
	<u>555,192</u>	<u>555,192</u>
Less: Impairment losses	(46,596)	(46,596)
	<u><u>508,596</u></u>	<u><u>508,596</u></u>

Details of the subsidiaries are as follows:

<b>Name of subsidiaries</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Proportion of ownership interest</b>	
			<b>2021</b>	<b>2020</b>
			%	%
Bayou Bay Development Sdn. Bhd.	Malaysia	Property development	100	100
Tebrau Bay Sdn. Bhd.	Malaysia	Property development and construction	100	100
Tebrau Bay Constructions Sdn. Bhd.	Malaysia	Construction of infrastructure and buildings	100	100
Southern Crest Development Sdn. Bhd.	Malaysia	Investment holding	100	100
Success Straits Sdn. Bhd.	Malaysia	Property development	100	100
Trillion Greencity Sdn. Bhd.	Malaysia	Dormant	100	100
<i>Held by Bayou Bay Development Sdn. Bhd.:</i>				
Bayou Management Sdn. Bhd.	Malaysia	Property holding and development	100	100

The subsidiaries have the same reporting period as the Group.

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**17. Investment in associates**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted ordinary shares, at cost	323	323
Unquoted redeemable preference shares	82,130	82,130
Share subscription monies for redeemable preference shares	2,189	2,189
Share of post-acquisition reserves	(39,760)	(37,365)
Less: Elimination of unrealised profit from downstream transaction	(44,882)	(44,882)
	<u>-</u>	<u>2,395</u>

(a) Details of the associates are as follows:

<b>Name of associates</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Proportion of ownership interest</b>	
			<b>2021</b>	<b>2020</b>
			%	%
<i>Held by Tebrau Bay Sdn. Bhd.:</i>				
Aset Nusantara Development Sdn. Bhd. ("ANDSB") #	Malaysia	Property development	49	49
<i>Held by Southern Crest Development Sdn. Bhd.:</i>				
Greenland Tebrau Sdn. Bhd. ("GTSB")	Malaysia	Property development	20	20

# The investment in ANDSB has been fully impaired. ANDSB is currently under liquidation.

During the previous financial year, the Group subscribed for 11,260,000 redeemable preference shares of Greenland Tebrau Sdn. Bhd., for a total consideration of RM11,260,000 through the conversion of share subscription monies of RM9,260,000 paid in previous financial years and cash consideration of RM2,000,000.

During the previous financial year, the Group recovered RM8,718,000 of share subscription monies from GTSB through the offset of the deposit paid by GTSB in previous years.

The associates have the same reporting period as the Group.

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**17. Investment in associates (cont'd)**

- (b) The summarised financial information of the Group's material associate is as below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

	<b>GTSB</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) Summarised statement of financial position</b>		
Current assets	258,992	303,066
Non-current assets	279	210
Current liabilities	(27,694)	(27,651)
Non-current liabilities	(99,072)	(95,067)
Net assets	<u>132,505</u>	<u>180,558</u>
Proportion of the Group's ownership	20%	20%
Equity attributable to the Group	26,501	36,112
Share subscription monies for redeemable preference shares	2,189	2,189
Elimination of unrealised profit from downstream transaction	(44,882)	(44,882)
Group adjustment for write down of inventory properties to net realisable value	8,976	8,976
Share of losses in excess of investment not taken up	7,216	-
Carrying amount of investment	<u>-</u>	<u>2,395</u>
	<b>GTSB</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) Summarised statement of comprehensive income</b>		
Other operating expenses, representing total comprehensive loss for the year	<u>(7,418)</u>	<u>(1,426)</u>
Proportion of the Group's ownership	20%	20%
Share of total comprehensive loss of associate	(1,484)	(285)
Other adjustments	(911)	-
	<u>(2,395)</u>	<u>(285)</u>

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**18. Other non-current asset**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At cost:</b>		
Club membership	<u>90</u>	<u>90</u>

**19. Inventories**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At cost:</b>		
Stocks of completed properties	<u>65,318</u>	<u>68,122</u>

During the financial year, inventories amounting to RM3,721,000 (2020: RM8,331,000) was recognised as an expense.

**20. Trade and other receivables**

		<b>Group</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables</b>			
Third parties		119,160	149,554
Retention sum receivables (Note 22)		<u>1,002</u>	<u>1,002</u>
		120,162	150,556
Less: Allowance for impairment		<u>(2,938)</u>	<u>(2,938)</u>
Trade receivables, net	(a)	<u>117,224</u>	<u>147,618</u>
<b>Other receivables</b>			
Amount due from related companies	(b)	1,544	344
Amount due from holding company	(b)	147	147
Deposits		1,239	1,254
Sundry receivables	(c)	<u>20,155</u>	<u>21,602</u>
		23,085	23,347
Less: Allowance for impairment	(c)	<u>(13,365)</u>	<u>(13,365)</u>
Other receivables, net		<u>9,720</u>	<u>9,982</u>
Total trade and other receivables		126,944	157,600
Add: Cash and bank balances (Note 23)		<u>41,460</u>	<u>41,720</u>
Total financial assets carried at amortised cost		<u>168,404</u>	<u>199,320</u>

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**20. Trade and other receivables (cont'd)**

	Note	Company	
		2021 RM'000	2020 RM'000
<b>Non-current assets</b>			
<b>Other receivables</b>			
Amount due from subsidiaries	(d)	102,838	101,838
<b>Current assets</b>			
<b>Other receivables</b>			
Amount due from subsidiaries	(e)	196,348	158,202
Amount due from related companies	(b)	4	4
Amount due from holding company	(b)	147	147
Deposits		25	18
Sundry receivables		22	26
Total other receivables		196,546	158,397
Total other receivables (Non-current and current)		299,384	260,235
Add: Cash and bank balances (Note 23)		2,030	1,831
Total financial assets carried at amortised cost		301,414	262,066

**(a) Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2020: 30 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	96,907	104,615
1 to 30 days past due not impaired	-	756
31 to 60 days past due not impaired	525	666
61 to 90 days past due not impaired	5,619	17,538
91 to 120 days past due not impaired	-	-
More than 121 days past due not impaired	14,173	24,043
	20,317	43,003
Impaired	2,938	2,938
	120,162	150,556

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**20. Trade and other receivables (cont'd)**

**(a) Trade receivables (cont'd)**

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Included in trade receivables is an amount of RM91,104,000 (2020: RM91,104,000), which arose from a compulsory acquisition by the State Government of Johor Darul Ta'zim ("SGJ"), which the Group regards as creditworthy. The receivable will be mainly settled by transfers of land of equivalent value from SGJ.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM20,317,000 (2020: RM43,003,000) that are past due at the reporting date but not impaired.

These receivables are due from customers which the Group regards as creditworthy but have a track record of slow payment. These amounts are unsecured.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>Individually impaired</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables - nominal amounts	2,938	2,938
Less: Allowance for impairment	<u>(2,938)</u>	<u>(2,938)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

There was no movement in the allowance accounts during the financial year.

**(b) Amounts due from related companies and holding company**

The amounts due from related companies and holding company are unsecured, non-interest bearing and are repayable on demand.

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**20. Trade and other receivables (cont'd)**

**(c) Sundry receivables**

Other receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>Individually impaired</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Other receivables		
- nominal amounts	13,365	13,365
Less: Allowance for impairment	(13,365)	(13,365)
	<u>-</u>	<u>-</u>

There was no movement in the allowance accounts during the financial year.

**(d) Amount due from subsidiaries - non-current**

The amount due from subsidiaries, which mainly arose from advances is unsecured, non-interest bearing and not expected to be repaid within the next twelve months.

**(e) Amount due from subsidiaries - current**

The amount due from subsidiaries, which mainly arose from expenses paid on behalf and loans granted to finance acquisition and reclamation of land, are unsecured, non-interest bearing and are repayable on demand, except for an amount of RM98,000,000 (2020: RM98,000,000) which bears interest of 1.75% + cost of funds (2020: 1.75% + cost of funds) per annum.

**21. Contract assets**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Gross amount due from customers for contract work (Note 22)	17,517	15,008
Accrued billings in respect of property development cost	3,298	5,929
Costs to obtain the contracts	1,103	2,173
	<u>21,918</u>	<u>23,110</u>

Costs to obtain the contracts mainly relates to sales commissions incurred to secure sale of property units and are recognised in profit or loss over time based on the input method.



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**21. Contract assets (cont'd)**

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2021 is RM71,866,000 (2020: RM85,454,000). The remaining performance obligations are expected to be recognised as follows:

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Within 1 year	17,358	30,946
Between 1 and 4 years	54,508	54,508
	<u>71,866</u>	<u>85,454</u>

**22. Gross amount due from/(to) customers for contract work-in-progress**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Construction contract costs incurred to date	1,110,274	1,103,647
Attributable profits	63,027	65,190
Less: Provision for foreseeable losses	(18,493)	(18,713)
	<u>1,154,808</u>	<u>1,150,124</u>
Less: Progress billings	(1,137,860)	(1,135,675)
	<u>16,948</u>	<u>14,449</u>
Presented as:		
Gross amount due from customers for contract work (Note 21)	17,517	15,008
Gross amount due to customers for contract work (Note 27)	(569)	(559)
	<u>16,948</u>	<u>14,449</u>
Retention sums on construction contracts, included in trade receivables (Note 20)	<u>1,002</u>	<u>1,002</u>

**23. Cash and bank balances**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at banks	1,326	1,496	261	91
Restricted cash balances	1,625	2,052		-
Short term deposits with licensed banks	38,509	38,172	1,769	1,740
Total cash and bank balances	<u>41,460</u>	<u>41,720</u>	<u>2,030</u>	<u>1,831</u>
Less:				
- Pledged deposits	(15,590)	(32,904)	(1,705)	(1,677)
- Deposits with maturity exceeding 3 months	(4,624)	(4,624)	-	-
- Bank overdrafts (Note 24)	(8,461)	(8,550)	-	-
Cash and cash equivalents	<u>12,785</u>	<u>(4,358)</u>	<u>325</u>	<u>154</u>

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**23. Cash and bank balances (cont'd)**

The restricted bank balances represent monies maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other

Deposits with licensed banks of the Group and the Company amounting to RM33,379,000 (2020: RM32,904,000) and RM1,705,000 (2020: RM1,677,000) respectively are pledged as security for credit facilities granted to the Company and certain subsidiaries, as disclosed in Note 24.

At the reporting date, the weighted average of interest rates and the maturities of deposits were as follows:

	Group		Company	
	2021	2020	2021	2020
Weighted average interest rate (%)	1.50 to 2.16	2.30 to 3.34	2.10	2.30
Maturities (days)	<u>30 to 365</u>	<u>30 to 365</u>	<u>30 to 365</u>	<u>30 to 365</u>

**24. Loans and borrowings**

	Maturity	Group	
		2021 RM'000	2020 RM'000
<b>Current</b>			
Secured :			
Bank overdrafts (Note 23)	On demand	8,461	8,550
Revolving credit	2022	100,000	100,000
Bridging loan	2022	42,790	78,742
Obligations under hire purchase (Note 25)	2022	42	146
Less: Unamortised transaction costs		-	(331)
		<u>151,293</u>	<u>187,107</u>
<b>Non-current</b>			
Secured :			
Obligations under hire purchase (Note 25)	2022	-	42
Bridging loan	2023	18,058	-
		<u>18,058</u>	<u>42</u>
Total loans and borrowings		<u>169,351</u>	<u>187,149</u>

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**24. Loans and borrowings (cont'd)**

	Maturity	Company	
		2021 RM'000	2020 RM'000
<b>Current</b>			
Secured :			
Revolving credit, representing total loans and borrowings	2023	<u>100,000</u>	<u>100,000</u>

The unamortised transaction costs in relation to bank loans are analysed as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	331	1,833
Amortised during the financial year (Note 7)	<u>(331)</u>	<u>(1,502)</u>
At 31 December	<u>-</u>	<u>331</u>

The remaining maturities of the loans and borrowings as at 31 December 2021 and 2020 are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
On demand or within one year	151,293	187,438	100,000	100,000
More than 1 year and less than 2 years	18,058	42	-	-
Less: Unamortised transaction costs	-	<u>(331)</u>	-	-
	<u>169,351</u>	<u>187,149</u>	<u>100,000</u>	<u>100,000</u>

The weighted average effective interest rates at the reporting date for borrowings, excluding obligations under finance lease, were as follows:

	2021 %	2020 %
Bank overdraft	5.91 to 7.67	6.66 to 7.42
Term loan	4.22 to 4.33	5.16 to 6.70
Revolving credit	4.40	4.87

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**24. Loans and borrowings (cont'd)**

Bank overdraft

The bank overdraft is secured by a third party legal charge on the leasehold land in Mukim Plentong, Johor Bahru registered under KPRJ with carrying amount of RM1,003,000 (2020: RM1,002,000) and certain deposits with a licensed bank.

Revolving credit at Islamic Cost of Fund ("i-COF") + 1.75%

The revolving credit facility of the Group and the Company is secured by the following:

- (a) Third party first and second legal charge over a freehold land in Mukim Plentong, Johor Bahru with a carrying amount of RM159,356,000 (2020 : RM158,670,000);
- (b) Assignment and charge over a designated escrow account maintained with the bank into which any land sale proceeds is to be credited; and
- (c) Memorandum of deposit over certain deposits of the Group (Note 23).

Bridging loan at COF + 2.50% p.a.

The bridging loan amounting to RM60,848,000 (2020: RM78,742,000) is secured by the following:

- (a) First party first legal charge on the freehold lands in Mukim Pulai, Johor Bahru with carrying amount of RM105,116,000 (2020: RM102,278,000);
- (b) Assignment and charge over the following designated accounts:
  - (a) Housing Development Account; and
  - (b) Debt Service Reserve Account ("DSRA")
- (c) Debenture by way of fixed and floating charge over all present and future assets of a subsidiary, Bayou Management Sdn. Bhd.; and
- (d) Corporate guarantee provided by the Company.

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**24. Loans and borrowings (cont'd)**

Movements in the borrowings were as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	187,149	251,447	100,000	100,000
Addition				
- Bridging loan	-	6,846	-	-
Repayment				
- Term loan	-	(47,440)	-	-
- Obligations under finance lease	(146)	(346)	-	-
- Bridging loan	(17,894)	(25,218)	-	-
Change in bank overdrafts	(89)	358	-	-
Transaction costs on loans				
- Amortisation (Note 24)	331	1,502	-	-
At 31 December	<u>169,351</u>	<u>187,149</u>	<u>100,000</u>	<u>100,000</u>

**25. Hire purchase commitments**

Future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:

	Group	
	2021 RM'000	2020 RM'000
<b>Minimum lease payments :</b>		
Not later than 1 year	42	150
Later than 1 year and not later than 2 years	-	42
Later than 2 years and not later than 5 years	-	-
Total minimum lease payments	<u>42</u>	<u>192</u>
Less: Amount representing finance charges	-	(4)
Present value of minimum lease payments	<u>42</u>	<u>188</u>
<b>Present value of payments :</b>		
Not later than 1 year	42	146
Later than 1 year and not later than 2 years	-	42
Later than 2 years and not later than 5 years	-	-
Present value of minimum lease payments	<u>42</u>	<u>188</u>
Less : Amount due within 12 months (Note 24)	<u>(42)</u>	<u>(146)</u>
Due after 12 months (Note 24)	<u>-</u>	<u>42</u>

These obligations are secured by a charge over the leased assets (Note 13). At the reporting date, the interest rates for the hire purchase obligations range between 2.39% to 2.55% (2020: 2.39% to 2.55%) per annum.

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**26. Trade and other payables**

	Note	Group	
		2021 RM'000	2020 RM'000
<b>Non-current</b>			
<b>Other payables</b>			
Amount due to related company	(d)	<u>251,711</u>	<u>233,933</u>
<b>Current</b>			
<b>Trade payables</b>			
Third parties	(a)	45,722	48,954
Amount due to related companies	(c)	81,609	54,103
Retention sums:			
- third parties		2,396	29,949
- related companies		8,307	16,531
Accruals for development expenditure		40,605	52,972
		<u>178,639</u>	<u>202,509</u>
<b>Other payables</b>			
Sundry payables		21,251	18,956
Amount due to a shareholder	(b)	1,824	1,824
Amount due to related companies	(c)	16,418	12,827
Accruals		2,262	1,548
Deposit received		1,708	1,769
Deposit received for land sale	(e)	17,556	17,556
		<u>61,019</u>	<u>54,480</u>
Total trade and other payables (Current)		<u>239,658</u>	<u>256,989</u>
Total trade and other payables (Non-current and current)		491,369	490,922
Add : Loans and borrowings (Note 24)		<u>169,351</u>	<u>187,149</u>
Total financial liabilities carried at amortised cost		<u><u>660,720</u></u>	<u><u>678,071</u></u>
<b>Company</b>			
	Note	2021 RM'000	2020 RM'000
<b>Current</b>			
<b>Other payables</b>			
Amount due to a shareholder	(b)	1,824	1,824
Amount due to related companies	(c)	746	702
Sundry payables and accruals		1,524	787
Total trade and other payables		4,094	3,313
Add : Loans and borrowings (Note 24)		100,000	100,000
Total financial liabilities carried at amortised cost		<u><u>104,094</u></u>	<u><u>103,313</u></u>

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**26. Trade and other payables (cont'd)**

**(a) Trade payables**

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

**(b) Amounts due to a shareholder**

The amounts due to a shareholder, which mainly arose from expenses paid on behalf, are unsecured, non-interest bearing and are repayable on demand.

**(c) Amounts due to related companies - current**

The current amounts due to related companies are unsecured, non-interest bearing and are repayable on demand.

**(d) Amounts due to related companies - non-current**

Included in non-current other payables, are loans from related companies for RM251,711,000 (2020: RM233,933,000) which bear interest at 7% (2020: 7%) per annum and are not repayable within the next 12 months.

**(e) Deposit received for land sale**

On 3 April 2015, a subsidiary of the Company, namely Tebrau Bay Sdn. Bhd. ("TBSB") entered into a Sale and Purchase Agreement ("SPA") with GTSB to dispose of 3 parcels of land for a consideration of RM2,373,079,000. Subsequently on 5 May 2017, TBSB and GTSB entered into a Supplementary Agreement ("SA") to vary, modify and amend certain terms and conditions of the SPA.

In 2017, the disposals of certain tranches of land were completed with revenue and cost of sales amounting to RM205,886,000 and RM35,133,000 respectively recognised upon fulfilment of conditions precedent.

In February 2020, TBSB entered into a second supplemental agreement with GTSB to offset RM185,298,000 of the deposit received against the receivable relating to the completion of the sale of the first tranche of land completed in 2017. The SPA was deemed completed and the parties were released from any further obligations under the SPA or SA. The residual deposit of RM17,556,000 was retained by the Group and will be applied as part payment for any purchase of land from the Group by GTSB in future.

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**27. Contract liabilities**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Progress billings in respect of property development costs	18,871	19,516
Gross amount due to customers for contract work (Note 22)	569	559
	<u>19,440</u>	<u>20,075</u>

**28. Provisions**

	<b>Project</b>	<b>Group</b>	<b>Total</b>
	<b>costs</b>	<b>Other</b>	
	<b>RM'000</b>	<b>provisions</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
At 1 January 2020	3,643	6,548	10,191
Addition during the year (Note 8)	-	1,879	1,879
Reversed or utilised during the year	-	(6,194)	(6,194)
At 31 December 2020 and 1 January 2021	3,643	2,233	5,876
Addition during the year (Note 8)	-	1,730	1,730
Reversed or utilised during the year	-	(2,197)	(2,197)
At 31 December 2021	<u>3,643</u>	<u>1,766</u>	<u>5,409</u>

**29. Share capital**

	<b>Number of ordinary</b>		<b>Amount</b>	
	<b>shares</b>			
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Group and Company</b>	<b>'000</b>	<b>'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid:</b>				
As at 1 January	837,389	837,389	726,946	726,946
Issued during the year	83,739	-	40,195	-
Transaction costs	-	-	(257)	-
As at 31 December	<u>921,128</u>	<u>837,389</u>	<u>766,884</u>	<u>726,946</u>

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM726,946,310 to RM766,883,505 by way of issuance of 83,738,885 ordinary shares at an issue price of RM0.48 per ordinary share through a private placement exercise for working capital purposes.

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



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**30. Deferred taxation**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	76,759	80,387
Recognised in profit or loss (Note 11)	(1,718)	(3,628)
At 31 December	<u>75,041</u>	<u>76,759</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(21,556)	(19,879)
Deferred tax liabilities	96,597	96,638
	<u>75,041</u>	<u>76,759</u>

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

**Deferred tax liabilities of the Group**

	<b>Property, plant and equipment RM'000</b>	<b>Land and development expenditure RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	32	96,637	96,669
Recognised in profit or loss	(10)	(41)	(51)
At 31 December 2021	<u>22</u>	<u>96,596</u>	<u>96,618</u>
At 1 January 2020	36	96,656	96,692
Recognised in profit or loss	(4)	(19)	(23)
At 31 December 2020	<u>32</u>	<u>96,637</u>	<u>96,669</u>

**Deferred tax assets of the Group**

	<b>Provisions RM'000</b>	<b>Other temporary differences RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	(11,636)	(8,274)	(19,910)
Recognised in profit or loss	905	(2,572)	(1,667)
At 31 December 2021	<u>(10,731)</u>	<u>(10,846)</u>	<u>(21,577)</u>
At 1 January 2020	(10,752)	(5,553)	(16,305)
Recognised in profit or loss	(884)	(2,721)	(3,605)
At 31 December 2020	<u>(11,636)</u>	<u>(8,274)</u>	<u>(19,910)</u>

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**31. Related party disclosures**

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Subsidiary</b>				
Loan interest receivable	-	-	4,123	4,773
With Rampai Fokus Sdn. Bhd., a related company				
- Loan interest payable	13,666	13,714	-	-
With Danga Bay Sdn. Bhd., a related company				
- Rental payable	-	30	-	-
With Knusford Equipment Sdn. Bhd., a related company				
- Rental payable	36	36	-	-
- Sales of properties	5,006	-	-	-
With Ekovest Berhad, a related company				
- Rental payable	-	6	-	-
With Knusford Landscape Sdn. Bhd., a related company				
- Landscaping works paid and payable	274	1,821	-	-
With Knusford Construction Sdn. Bhd., a related company				
- Construction costs paid and payable	33,450	26,808	-	-
With Greenland Knusford Construction Sdn. Bhd., a related company				
- Construction costs paid and payable	-	12,930	-	-
- Sales of properties	1,823	-	-	-

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**31. Related party disclosures (cont'd)**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
With Tropicana Danga Senibong Sdn. Bhd., an associate company				
- Distribution of assets on wind up	-	132	-	-
With Greenland Tebrau Sdn. Bhd., an associate company				
- Subscription of redeemable preference shares	-	11,260	-	-

In the previous financial year, Tropicana Danga Senibong Sdn. Bhd. was wound up and accordingly ceased to be an associate of the Group.

Directors' related companies refer to companies in which certain directors of the Company have interest.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

**32. Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Vice Chairman, Chief Executive Officer and Heads of Departments. The risk management committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

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

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**32. Financial risk management objectives and policies (cont'd)**

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM759,000 (2020: RM966,000) lower/higher, arising mainly from interest expenses on loans and borrowings offset by interest income on short term deposits.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The Group also relies on the holding company and related companies for continued financial support to enable the Group to meet its liabilities as and when they fall due.

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**32. Financial risk management objectives and policies (cont'd)**

**(b) Liquidity risk (cont'd)**

Analysis of financial instruments by remaining contractual maturities

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

Group	2021			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
<b>Financial liabilities</b>				
Trade and other payables	239,658	265,377	-	505,035
Loans and borrowings	158,946	19,190	-	178,136
<b>Total undiscounted financial liabilities</b>	<b>398,604</b>	<b>284,567</b>	<b>-</b>	<b>683,171</b>
<b>Company</b>				
<b>Financial liabilities</b>				
Other payables	4,094	-	-	4,094
Loans and borrowings	104,400	-	-	104,400
<b>Total undiscounted financial liabilities</b>	<b>108,494</b>	<b>-</b>	<b>-</b>	<b>108,494</b>

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**32. Financial risk management objectives and policies (cont'd)**

**(b) Liquidity risk (cont'd)**

Analysis of financial instruments by remaining contractual maturities (cont'd)

Group	2020			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
<b>Financial liabilities</b>				
Trade and other payables	256,989	247,647	-	504,636
Loans and borrowings	196,764	43	-	196,807
<b>Total undiscounted financial liabilities</b>	<b>453,753</b>	<b>247,690</b>	<b>-</b>	<b>701,443</b>
<b>Company</b>				
<b>Financial liabilities</b>				
Other payables	3,313	-	-	3,313
Loans and borrowings	104,870	-	-	104,870
<b>Total undiscounted financial liabilities</b>	<b>108,183</b>	<b>-</b>	<b>-</b>	<b>108,183</b>

**(c) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's credit risk is primarily attributable to receivables. The receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents has a maximum exposure equal to the carrying amount of these financial assets.

Credit risk concentration profile

The Group has a concentration of credit risk as 79% (2020: 65%) of its receivables are due from 2 (2020: 2) major customers.

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**32. Financial risk management objectives and policies (cont'd)**

**(c) Credit risk (cont'd)**

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

At the reporting date, the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position;
- an amount of RM69,308,000 (2020: RM86,962,000) relating to a corporate guarantee provided by the Company to a bank for credit facilities granted to subsidiaries; and
- an amount of RM37,607,000 (2020: RM34,463,000) relating to a performance guarantee issued to a contractor for construction projects being carried out by subsidiaries.

Financial assets that are neither past due or impaired

Information regarding financial assets that are neither past due or impaired are disclosed in Note 20.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired are disclosed in Note 20.

**33. Fair values**

**Determination of fair value**

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	<b>Note</b>
Trade and other receivables (non-current and current)	20
Loans and borrowings	24
Trade and other payables (non-current and current)	26

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**33. Fair values (cont'd)**

**Determination of fair value (cont'd)**

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value: (cont'd)

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values due to their short-term nature or that they bear interest approximately market rates at the reporting date.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Financial guarantees given to subsidiaries have not been recognised in the financial statements as the directors are of the opinion that the fair value on initial recognition was not material and it is not probable that a future sacrifice of economic benefits will be required.

**Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Group's assets.

<b>Group</b>	<b>Quoted price in active markets Level 1 RM'000</b>	<b>Significant observable inputs Level 2 RM'000</b>	<b>Significant unobservable inputs Level 3 RM'000</b>
<b>At 31 December 2021</b>			
<b>Assets measured at fair value</b>			
Investment properties (Note 15)	-	-	95
<b>At 31 December 2020</b>			
<b>Assets measured at fair value</b>			
Investment properties (Note 15)	-	-	90

During the financial years ended 31 December 2021 and 2020, there were no transfers between the various levels of the fair value measurement hierarchy.



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### 34. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises loans and borrowings, and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans and borrowings	24	169,351	187,149	100,000	100,000
Trade and other payables	26	491,369	490,922	4,094	3,313
Less: Cash and bank balances	23	(41,460)	(41,720)	(2,030)	(1,831)
Net debt		<u>619,260</u>	<u>636,351</u>	<u>102,064</u>	<u>101,482</u>
Equity, representing total capital		<u>777,033</u>	<u>765,024</u>	<u>706,135</u>	<u>667,630</u>
<b>Capital and net debt</b>		<u><u>1,396,293</u></u>	<u><u>1,401,375</u></u>	<u><u>808,199</u></u>	<u><u>769,112</u></u>
<b>Gearing ratio</b>		<u><u>44%</u></u>	<u><u>45%</u></u>	<u><u>13%</u></u>	<u><u>13%</u></u>

### 35. Segment information

(a) For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (i) Property development - the development of residential and commercial properties; and
- (ii) Construction

Other operations of the Group mainly comprises of property investment and investment holding, neither of which constitutes a separately reportable segment.

#### (b) Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

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**35. Segment information (cont'd)**

**(b) Allocation basis (cont'd)**

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. These transactions are eliminated on consolidation.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	<b>Property development RM'000</b>	<b>Construction RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>31 December 2021</b>				
<b>Revenue</b>				
Revenue	17,614	387	-	18,001
<b>Results</b>				
Segment results	(6,179)	(2,889)	(171)	(9,239)
Unallocated corporate expenses				(1,388)
Profit from operations				(10,627)
Finance costs				(18,175)
Share of results of associate				(2,395)
Income tax expense				3,268
Loss after tax				(27,929)
<b>Assets</b>				
Segment assets	1,439,903	302,285	(518,688)	1,223,500
Investment properties				95
Other non-current assets				90
Investment in associates				-
Unallocated corporate assets				346,494
Consolidated total assets				1,570,179
<b>Liabilities</b>				
Segment liabilities	(606,850)	(597,727)	515,525	(689,052)
Unallocated corporate liabilities				(104,094)
Consolidated total liabilities				(793,146)
<b>Other segment information</b>				
Segment capital expenditure	-	-	-	-
Unallocated corporate capital expenditure				5
Consolidated total capital expenditure				5
Segment depreciation	62	255	-	317
Unallocated corporate depreciation				67
Consolidated total depreciation				384

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**35. Segment information (cont'd)**

**(b) Allocation basis (cont'd)**

	Property development RM'000	Construction RM'000	Eliminations RM'000	Consolidated RM'000
<b>31 December 2020</b>				
<b>Revenue</b>				
Revenue	103,043	5,204	-	108,247
<b>Results</b>				
Segment results	27,281	(1,844)	(76)	25,361
Unallocated corporate expenses				(1,083)
Profit from operations				24,278
Finance costs				(22,475)
Share of results of associate				(285)
Income tax expense				(3,195)
Loss after tax				(1,677)
<b>Assets</b>				
Segment assets	1,484,309	307,504	(524,932)	1,266,881
Investment properties				90
Other non-current assets				90
Investment in associates				2,395
Unallocated corporate assets				307,209
Consolidated total assets				1,576,665
<b>Liabilities</b>				
Segment liabilities	624,682	586,234	(502,589)	708,327
Unallocated corporate liabilities				103,314
Consolidated total liabilities				811,641
<b>Other segment information</b>				
Segment capital expenditure	10	-	-	10
Unallocated corporate capital expenditure				10
Consolidated total capital expenditure				20
Segment depreciation	138	318	-	456
Unallocated corporate depreciation				70
Consolidated total depreciation				526

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**36. Contingent liability**

**Writ and Statement of Claim by Tenaga Nasional Berhad ("TNB" or "the Plaintiff")**

On 17 November 2020, the Company and its subsidiary, Tebrau Bay Constructions Sdn. Bhd. ("TBCSB") ("Defendants") received a Writ of Summon of Claim ("Claim") filed by TNB at the High Court. In the Claim, TNB alleged that reclamation works undertaken by the Defendants in 2014 on Lot PTD 121257 Kampung Senibong have trespassed on the right of way ("ROW") of TNB's submarine cables. Another subsidiary Tebrau Bay Sdn. Bhd ("TBSB") was included in the suit as a 3rd defendant on 5 December 2021. The Claim seeks amongst others, the following reliefs:

- Perpetual injunction order against the Defendants from carrying out any activities on TNB's ROW without TNB's permission;
- Damages of RM76,565,000;
- General damages against losses suffered by the Plaintiff and economic loss damage to be assessed by the Court, together with interest at the rate of 5% per annum from the filing of the suit to the date of full settlement; and
- Other damages, costs and reliefs which the Court deems fit and proper.

The Group has appointed a counsel to defend the claim and on 31 January 2021, made an application to strike out the Plaintiff's suit. The Group's defence, amongst others, is that at all material times, the reclamation works were carried out by independent contractors outside of the Plaintiff's ROW, in accordance with plans approved by the Johor Bahru City Council since 2000. Further, the Plaintiff has not provided any evidence of the nature, cause and quantum of the alleged damage to the submarine cables.

Due to the above, the Group is of the view that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and has accordingly disclosed the details of the Claim as a contingent liability.

The Court has fixed case management on 18 May 2022 for Defendants to update the status of whether to pursue Court-annexed mediation and the filing of the application to commence third party proceedings.

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### **37. Subsequent event**

On 29 March 2022, TBSB was served with a Writ of Summon and Statement of Claim from Inland Revenue Board of Malaysia ("IRB"), in respect of unpaid income taxes amounting to RM10,831,595 plus 5% per annum on the alleged claims, costs and other reliefs as the Honourable Court deems fit and proper to grant.

TBSB is in process of seeking legal advice in respect of the claim. The suit is not expected to have any significant operational or financial impact to the Group as the said amount has already been fully provided in the financial statements for the financial year ended 31 December 2021 except for any additional costs or interests granted (if any).

### **38. Authorisation of financial statements for issue**

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 28 April 2022.