MKH

2017 Annual Report

DELIVERING VALUE

The dynamic interaction that exists between our company and its stakeholders is the inspiration for the multitude of triangles in the cover design. The debossed treatment of the triangles emphasises the in-depth nature of the interaction, which is fundamental to our ability to deliver value. In addition, the pure white background of the cover accentuates our integrity and transparency.

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CORPORATE GOVERNANCE

OTHER CORPORATE INFORMATION

VISION

To be a **leading corporation** in delivering **sustainable growth**.

MISSION

- To **lead the market** by continually developing and innovating quality products and projects that meet and exceed market expectations.
- To be **responsive to market trends** and customer needs.
- To provide **conducive working environment** that will encourage the application of creative energy that is guided by best industry practices.
- To **be a good** and **responsible** corporate citizen.
- To provide **a sustainable return** to shareholders.

CORE VALUE

At MKH, we take pride in living a set of shared core values that define our culture and business operations, thus helping us to create value for our clients, our people and our organisation.

DYNAMIC

We are always enthusiastic in looking out for new opportunities and delivering innovative products into the market.

RELIABLE

We utilise our experience and financial strength to deliver on our promises and complete all projects on time or earlier.

FRIENDLY

We greet our colleagues, customers and stakeholders in an approachable manner with a smile and are considerate for each other's feelings.

PROFESSIONAL

We deal with our stakeholders and customers in an efficient, knowledgeable and responsive manner.

RESPONSIVE

We proactively engage with the community to understand their needs and concerns with the aim of delivering solutions for betterment of the situations.

STABLE

We use our expertise, business acumen and financial resources to provide a holistic value to all stakeholders and customers.

COMPANY PROFILE

MKH Berhad ("MKH" or "the Group") is a Malaysian public listed company with its headquarter in Kajang that has established a prominent brand presence in Selangor, Kuala Lumpur and East Kalimantan, Indonesia.

The Company's roots can be traced back to its establishment in

1979

Distinguished for its contribution in transforming Kajang, MKH has expanded its property footprints into Klang Valley and other parts of Selangor. Our property portfolio comprises well-planned landed residentials, townships and integrated high rises in Petaling Jaya, Cheras, Puchong, Shah Alam North as well as affluent neighbourhoods in Kuala Lumpur such as south of Bangsar and Mont' Kiara.

In addition, the Group owns 18,388 hectares of oil palm plantation in East Kalimantan, Indonesia together with a 90MT per hour crude palm oil ("CPO") mill, and is one of the Group's core businesses that will continue to generate sustainable income for the Group.

Listed on the Main Market of Bursa Malaysia Securities Berhad in

1995

Following the successful completion of the Group's first shopping mall Plaza Metro Kajang in 1996, our property investment portfolio has since grown to include Metro Point Complex, Prescott Metro Inn, and Rafflesia International and Private Schools among others, while our trading division is well-established as a supplier of quality building materials to local property related business since 2002. In addition, we also own land and factory buildings in China which are currently used for furniture manufacturing.

MKH is mindful of the need to have a sustainable growth strategy, and supports it by taking into account sustainable practices in economic, environmental and social aspects. As a responsible corporate citizen, we regularly monitor our operations to ensure that they are conducted in a safe and environmentally responsible manner. Our corporate social responsibility ("CSR") efforts include promoting healthy lifestyle through sports and wellness, good work environment as part of staffs' welfare, as well as social contributions to charitable organisations and scholarships to needy students.

PROPERTY

QLASSIC Award 2017

- Pelangi Semenyih 2 Phase 1E1 is a commercial development comprising 2-storey retail units that achieved a commendable QLASSIC scoring of 80% in 2016

EXPERTISE

Noble Excellence Awards 2016

- Managing Director, Tan Sri Datuk Eddy Chen was awarded the 'National Leadership Excellence: Decade of Excellence' Award for his national leadership in the Malaysian real estate industry

Lifetime Achievement Award 2017

- Executive Chairman, Tan Sri Dato' Alex Chen was recognised at the World Chinese Economic Summit for his numerous accomplishments as a businessman and corporate leader

COMPANY

The Edge's Top 30 Property Developers Award 2017

Property Insight's Top 10 Prestigious Property Developers' Award 2017

MKH was consecutively recognised as one of the Top Property Developers in Malaysia at The Edge Property Excellence Awards 2017 and Property Insight's Prestigious Property Developers' Award 2017

The Edge Billion Ringgit Club Award 2017

MKH was recognised for achieving Highest Growth in Profit after Tax Over Three Years

Indonesian Sustainable Palm Oil ("ISPO") Certification

Certificate for Administration Excellence 2017

PT Maju Kalimantan Hadapan ("PT MKH") was one of the first companies in Indonesia to achieve the ISPO certification in 2017, and was also consecutively recognised by the Indonesian Social Security Service Providers for its excellence in administrative management.

ASEAN Energy Awards 2017

Plaza Metro Kajang was awarded 1st Runner Up under the Renewable Energy Competition Project – Off Grid: Power category

5 YEARS GROUP FINANCIAL HIGHLIGHTS

	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
INCOME STATEMENT					
Revenue	**1,068,834**	1,265,872	1,041,898	806,522	688,219
Profit Before Taxation	**193,592**	304,669	137,314	162,560	134,453
Profit After Taxation	**124,843**	214,178	96,630	119,622	107,148
Profit Attributable to Shareholders of the Company	**128,207**	205,041	86,961	104,684	103,970
BALANCE SHEET					
Issued and Paid up Capital	**613,315***	419,444	419,407	419,394	349,253
Shareholders' Equity	**1,476,995**	1,276,285	1,104,653	1,034,505	953,332
RATIOS					
Dividend Per Share (sen)	**5****	7**	7**	8**	10
Net Earnings Per Share (sen) @	**24.18**	40.01^	16.97^	20.44^	20.65^
Net Assets Per Share (RM)	**2.62**	2.53^	2.19^	2.05^	1.89^
Debt/Equity ratio (%)	**52**	66	73	59	55
Return on Shareholders' Equity (%)	**9**	16	8	10	11

* With the Companies Act 2016 ("the Act") coming into effect on 31 January 2017, the credit standing in the share premium account has been transferred into the share capital account pursuant to the transitional provisions set out in Section 618 (2) of the Act.

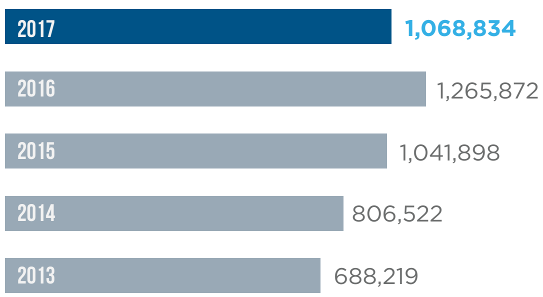
** Single tier dividend

@ Attributable to the equity holders of the Company.

^ The preceding years' net earnings per share and net assets per share have been restated to effect the Bonus Issues made.

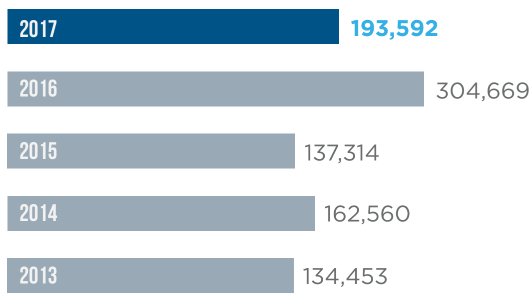
REVENUE

RM'000



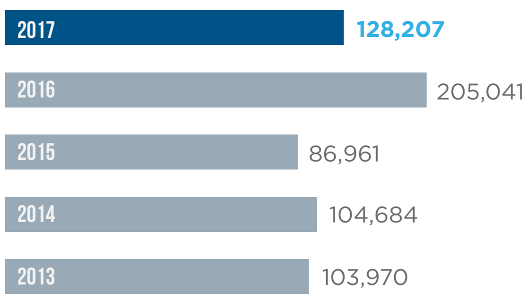
PROFIT BEFORE TAXATION

RM'000



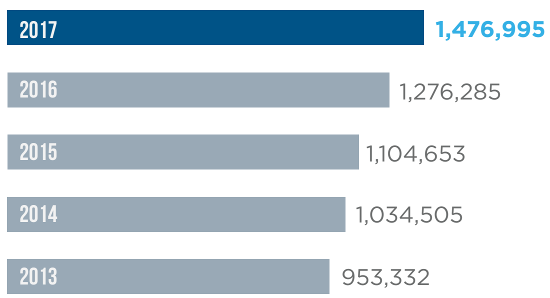
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

RM'000



SHAREHOLDERS' EQUITY

RM'000



CORPORATE INFORMATION

BOARD OF DIRECTORS

Y. Bhg. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong
Executive Chairman

Y. Bhg. Tan Sri Datuk Chen Lok Loi
Managing Director

Y. Bhg. Datuk Chen Fook Wah
Deputy Managing Director

Y. Bhg. Datuk Mohammad Bin Maidon
Independent Non-Executive Director

Mohammed Chudi Bin Haji Ghazali
Senior Independent Non-Executive Director

Haji Mohamed Bin Ismail
Independent Non-Executive Director

Jeffrey Bin Bosra
Independent Non-Executive Director

Haji Hasan Aziz Bin Mohd Johan
Independent Non-Executive Director

AUDIT COMMITTEE

Jeffrey Bin Bosra
(Chairman)

Mohammed Chudi Bin Haji Ghazali
(Member)

Haji Mohamed Bin Ismail
(Member)

NOMINATION COMMITTEE

Mohammed Chudi Bin Haji Ghazali
(Chairman)

Haji Mohamed Bin Ismail
(Member)

REMUNERATION COMMITTEE

Haji Mohamed Bin Ismail
(Chairman)

Jeffrey Bin Bosra
(Member)

CHIEF FINANCIAL OFFICER

Kok Siew Yin
(MIA 15343)

GROUP COMPANY SECRETARY

Tan Wan San
(MIA 10195)

EXTERNAL AUDITORS

Deloitte PLT (AF 0080)
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel No : (603) 7610 8888
Fax No: (603) 7726 8986

PANEL SOLICITORS

Khaled Mutang Chan & Lim
Ling & Theng Book
Markiman & Associates
Michael Chen & Co.
Steven Tai, Wong & Partners

PRINCIPAL BANKERS

- Affin Bank Berhad
- Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
- AmBank (M) Berhad
- AmBank Islamic Berhad
- Bank Muamalat Malaysia Berhad
- Hong Leong Bank Berhad
- Hong Leong Islamic Bank Berhad
- Industrial and Commercial Bank of China (Malaysia) Berhad
- Malayan Banking Berhad
- Maybank Islamic Berhad
- OCBC Bank (Malaysia) Berhad
- OCBC Al-Amin Bank Berhad
- RHB Bank Berhad
- RHB Islamic Bank Berhad
- United Overseas Bank (Malaysia) Berhad

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No : (603) 2783 9299
Fax No: (603) 2783 9222

REGISTERED OFFICE

Suite 1, 5th Floor
Wisma MKH, Jalan Semenyih
43000 Kajang
Selangor Darul Ehsan
Tel No : (603) 8737 8228
Fax No: (603) 8736 5436

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : MKH
Stock No : 6114

CORPORATE WEBSITE

www.mkhberhad.com

MKH

PROPERTY AND CONSTRUCTION DIVISION

100%

- Aliran Perkasa Sdn Bhd
- Budi Bidara Sdn Bhd
- Dapat Jaya Builder Sdn Bhd
  - **45%** Rimbunan Melati Sdn Bhd
- Everland Asia Development Sdn Bhd
- Gabung Wajib Sdn Bhd
  - **65%** Alif Mesra Sdn Bhd
  - **60%** Amona Metro Development Sdn Bhd
    - 84% Temara Pekeliling Sdn Bhd
- Gerak Teguh Sdn Bhd
- GK Resort Berhad
  - **70%** PNSB-GK Resort Sdn Bhd
- Intelek Kekal (M) Sdn Bhd
- Intra Tegas (M) Sdn Bhd
- Kajang Resources Corporation Sdn Bhd
  - **100%** MKH Property Ventures Sdn Bhd
  - **49%** PanaHome MKH Malaysia Sdn Bhd
- Kumpulan Indah Bersatu Sdn Bhd
  - **100%** Palga Sdn Bhd
    - 100% Hiliran Juara Sdn Bhd
- Metro K.L. City Sdn Bhd
- Metro Kajang Construction Sdn Bhd
- MKH Development Sdn Bhd (fka Metro Kajang Development Sdn Bhd)
- MKH IHS Precast Sdn Bhd
- MKH Land (Aust) Pty Ltd
- Pelangi Binaraya Sdn Bhd
- Pelangi Semenyih Sdn Bhd
- Pelangi Seri Alam Development Sdn Bhd
  - **100%** Hillpark Resources Sdn Bhd
- Perkasa Bernas (M) Sdn Bhd
- Petik Mekar Sdn Bhd
- Serba Sentosa Sdn Bhd
- Serentak Maju Corporation Sdn Bhd
- Stand Allied Corporation Sdn Bhd
- Sumber Lengkap Sdn Bhd
- Suria Villa Sdn Bhd

99.9%

- Srijang Kemajuan Sdn Bhd

85%

- Achieve Acres Sdn Bhd

55%

- Vista Haruman Development Sdn Bhd

51%

- Danau Saujana Sdn Bhd

NON-PROPERTY DIVISION

100%

- Detik Merdu Sdn Bhd
  - **95%** PT Maju Kalimantan Hadapan
  - **100%** PT Nusantara Makmur Jaya
- MKH Plantation Sdn Bhd
  - **75%** PT Sawit Prima Sakti
- Intelek Murni (M) Berhad
- Metro Kajang (Oversea) Sdn Bhd
  - **100%** Vast Furniture Manufacturing (Kunshan) Co. Ltd.
- Metro Nusantara Sdn Bhd
- Metro Readymix Sdn Bhd
- Metro Tiara (M) Sdn Bhd
  - **20%** Rafflesia School (Kajang) Sdn Bhd
- MKH Building Materials Sdn Bhd
- MKH Credit Corporation Sdn Bhd
- MKH Food Sdn Bhd
- MKH Management Sdn Bhd
- MKH Resources Sdn Bhd
- Srijang Indah Sdn Bhd
  - **100%** Laju Jaya Sdn Bhd
  - **100%** Maha Usaha Sdn Bhd
  - **100%** Metro Emart Sdn Bhd

51%

- Global Landscape Creation Sdn Bhd


22.02.35.2
Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management
90.50.3.2
PLATFORM
NETWORK
COLLABORATION
APPLICATION
INFRASTRUCTURE
22.02.35.2

GENERATING SUSTAINABLE GROWTH

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors and the management, it is my great pleasure to present to you the Annual Report of MKH Berhad ("the Company", "MKH", or "the Group") for the financial year ended 30 September 2017 ("FY2017").

The Malaysian economy remained resilient with a gross domestic product ("GDP") growth of 6.2% for the third quarter of 2017 (Q2 2017: 5.8%) mainly due to expansion in private and public sector spending and higher export growth. Domestic inflation has been driven mostly by movements in global petroleum prices. Consequently, headline inflation increased to 4.3% in September 2017, arising from higher global prices of refined petroleum.

Despite the challenging business environment, the Group managed to record a turnover and profit before tax ("PBT") of RM 1.07 billion and RM 193.6 million respectively for the financial year ended 30 September 2017 ("FY2017").

A more detailed review of the Group's performance is covered under the section on "Management Discussion and Analysis" in this Annual Report.

Saville @ Cheras is an ongoing integrated high rise development that is directly connected to the Sri Raya MRT Station by a 7-metre sheltered link bridge

Kajang 2 is MKH's ongoing flagship township development that is aimed to be the next uptown of Kajang

The affordable property market segment continue to enjoy good take up rate with purchasers focusing on good location with connectivity, affordable pricing, good product design and concept. For FY2017, the Group launched a total of 6 property projects with total gross development value ("GDV") of approximately RM983.0 million namely Kajang 2 Precinct 2 (Phase 3 and 4) residential houses in Kajang, Hillpark Home 3 residential houses in Kajang, TR Residence serviced apartments in Kuala Lumpur and residential houses at the 558-acre township known as Hillpark @ Shah Alam North (Phase 1 - Palm and Phase 4 - Pinang).

In line with the rising demand for transit oriented development ("TOD") MKH has 8 projects within the vicinity of the greater Klang Valley's urban public transport system, which includes the Sg. Buloh – Kajang Mass Rapid Transit ("MRT") station, Light Rail Transit ("LRT") station, *Keretapi Tanah Melayu* ("KTM") commuter train station and monorail station; of which 3 projects have been launched, namely Saville @ Cheras, TR Residence and Kajang 2 township.

Our property development division will continue to leverage on the demand for quality affordable residential properties. The Group's upcoming property launches are primarily located in the much sought after location in Kajang, Semenyih and Kuala Lumpur, such as the ongoing township developments in Kajang 2 and Kajang East, the upcoming MKH Boulevard II project, which is a transit oriented serviced apartment development strategically located next to the Kajang KTM train station and the MRT station. Inspirasi Mont' Kiara is another upcoming serviced apartment project located in Mont' Kiara, Kuala Lumpur.

We are also optimistic that the demand for crude palm oil ("CPO") will remain well supported from India, the European Union and China with current CPO price trading at approximately RM2,400/MT.

The Group's self-sustaining 18,388-hectare oil palm plantation with CPO mill running at 90MT per hour will continue to contribute to the Group's earnings and profitability. We forecast improved CPO yield as most of the oil palm trees will reach their prime age in year 2018.

Our corporate social responsibility ("CSR") programmes are essential to who we are, and outline the values that drive us towards delivering value. Besides monetary and donations in kind to schools, welfare homes and non-governmental organisations, the Group also engaged with over 180 underprivileged children from the Klang Valley in FY2017 through CSR activities that encompasses various interactive engagement activities that are sports and educational-themed to promote good social values.

Through joint efforts, MKH garnered numerous awards in property development as well. We are recognised by The Edge Malaysia, and Property Insight as Top 30 and Top 10 Developers respectively in the country, and our commercial development Pelangi Semenyih 2 Phase 1E1 was awarded the Quality Assessment System in Construction ("QLASSIC") Award by Construction Industry Development Board ("CIDB") for achieving high QLASSIC score of 80%.

The Group's subsidiary, PT Maju Kalimantan Hadapan received the Indonesian Sustainable Palm Oil ("ISPO") certification in April 2017, making PT MKH among one of the first oil palm plantation companies in Indonesia to receive the ISPO certification. Following its continued good estate management efforts, PT MKH was also consecutively recognised for good estate management by the Governor of East Kalimantan, Indonesia.

In line with our vision to create sustainable business, our shopping mall, Plaza Metro Kajang was awarded 1st Runner Up at ASEAN Energy Awards 2017 under the Off Grid Renewable Energy Competition Project for its solar photovoltaic project that utilises solar energy to assist in powering air conditioning and lighting in the mall.

the Group engaged with over

180

underprivileged children from the Klang Valley in FY2017

MKH employees contributed a total of 712 volunteer hours in 10 CSR projects in FY2017

Managing Director Tan Sri Datuk Eddy Chen receiving The Edge Billion Ringgit Club Silver Award for the Group's achievement of highest growth in profit after tax over 3 years

Entrance landmark of Kajang 2 Precinct 2

PT MKH is consecutively recognised by The Governor of East Kalimantan, Indonesia for good management of its oil palm estate

We remain confident in our progress forward with

SUSTAINABLE EARNINGS

visibility to create sustainable businesses

The Company successfully completed the rights with bonus issue which was oversubscribed by 29.8% following the listing of and quotation for 42,625,187 rights shares and 85,250,374 bonus shares on 1 June 2017.

The warrants 2012/2017 issued by the Company which has expired on 29 December 2017 registered a 96.5% conversion rate and the total amount received from the conversion of 39,521,782 warrants was approximately RM63.8 million.

For FY2017, an interim single-tier dividend of 5.0 sen per ordinary share amounting to approximately RM29.3 million was declared on 28 November 2017 and paid on 11 January 2018. This represents a distribution of 22.8% of the Group's net profit attributable to shareholders.

On behalf of the Board of Directors ("the Board"), I would like to express our sincerest appreciation and thanks to our valued shareholders, customers, business associates and regulatory authorities for their continued support towards the Group. I would also like to extend my heartfelt gratitude to my Board members, management team and over 4,000 employees for their commitment and teamwork towards the Group's success.

I am confident that MKH will continue to prosper and look forward to a fruitful year in 2018 with the continued support from all of our stakeholders.

Tan Sri Dato' Alex Chen Kooi Chiew
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Statement provides a discussion and analysis of the Group's financial performance for the financial year ended 30 September 2017, including explanations for significant fluctuations over the previous financial year.

Kajang 2 is an ongoing township development that comprises a proposed shopping mall with KTM train station as part of its infrastructure planning

The Group's principal business segments, which remained unchanged from the preceding year, comprise Property Development and Construction; Plantation; Hotel and Property Investment; and Others. The segment "Others" comprises Trading, Manufacturing, Investment Holding and other non-reportable segments operations.

2017 Financial Highlights

The Group's revenue and profit after tax for the financial year under review and the preceding year are summarised as follows:

	2017 RM'000	2016 RM'000	Change (%)
Group Revenue	**1,068,834**	**1,265,872**	**(15.6)**
Segments			
• Property Development and Construction	702,528	932,007	(24.6)
• Plantation	260,538	205,955	26.5
• Hotel and Property Investment	33,878	39,058	(13.3)
• Others	71,890	88,852	(19.1)
Group Profit Before Tax	**193,592**	**304,669**	**(36.5)**
Segments			
• Property Development and Construction	137,782	199,203	(30.8)
• Plantation	14,944	63,117	(76.3)
• Hotel and Property Investment	15,075	17,605	(14.4)
• Others	25,791	24,744	4.2

For the financial year ended 30 September 2017, the Group's revenue and profit before tax declined by 15.6% and 36.5% largely due to lower contribution, both in terms of revenue and pre-tax profit, from the Property Development and Construction division, which decreased by 24.6% and 30.8% respectively.

This reduced revenue was, however, mitigated by favourable growth in sales posted by the Plantation division, accounting for a hike of 26.5% largely due to the sustained higher average prices of CPO and Palm Kernel realised and the increase in tonnage sold in respect of CPO. However, pre-tax profits from Plantation recorded a significant drop of 76.3% largely due to unrealised foreign exchange effects and other reasons, further details of which are discussed in the segment performance below.

Upcoming high rise development Inspirasi Mont' Kiara is designed with an infinity lap pool as part of its resident-exclusive facilities

MKH's lakeside development Saville @ D'Lake Puchong

Liquidity and Capital Resources

Cash and cash equivalents of the Group dropped by RM22.7 million during the year as compared to an increase of RM41.7 million in 2016, culminating from the following cashflow activities:

Net cash generated from/ (used in)	2017 RM'000	2016 RM'000	Changes (%)
Operating activities	57,895	219,905	(73.7)
Investing activities	(104,149)	(110,413)	5.7
Financing activities	23,530	(67,778)	134.7
Increase/ (Decrease) in cash and cash equivalents	(22,724)	41,714	(154.5)

MKH was once again recognised as one of

MALAYSIA'S

Top 30 Property Developers at the annual The Edge Malaysia's Property Excellence Awards 2017

TR Residence is an integrated high rise development situated near Titiwangsa LRT, Monorail and upcoming MRT station

The movements in cash and cash equivalents are due to the following:

- The reduction of cashflows from operating activities was largely due to the decline in Group pre-tax profit, exacerbated by the timing of payment of trade and other payables;
- The increase in cashflows from investing activities was due to the acquisition of a subsidiary in the last financial year amounting to about RM4.1 million – there was no such acquisition this year; and
- The significant hike in financing activity cashflows was mainly due to net proceeds received from the issuance of shares and warrants during the year amounting to RM 105.3 million to fund working capital and retire borrowings.

The Group's capital resources comprise primarily of cashflows generated by operating activities, cash and cash equivalents, term deposits, fixed income funds and available lines of credit. As at 30 September 2017, the Group's net gearing stood at 0.34 times compared with 0.42 times in the preceding year largely due to the injection of fresh funds from share capital and warrants issuance as well as prudent cashflow management.

The Group continues to maintain a prudent approach towards managing its capital resources to ensure their adequacy in meeting operational requirements and capital expenditure from time to time.

Hillpark Residence is an ongoing development in Kajang that comprises serviced apartments and retail units

Segment results and analysis

Property Development and Construction

This segment has been and continues to be the mainstay of the Group's operations. Its key projects are located in Kajang, Selangor and the Greater Klang Valley and with 14 development projects in place, new sales garnered for the financial year under review amounted to RM808.1 million as compared to RM776.1 million in the preceding year.

The key projects, namely Hillpark Home 3, Kajang East, Hillpark @ Shah Alam North, Hillpark Residence and TR Residence chalked up a hefty RM758.2 million, making up 93.8% of total new sales for the year under review.

Whilst new sales locked in for the year showed a marginal increase of 4.0% over last year's new sales, segment revenue and pre-tax profit decreased by 24.6% and 30.8% compared to the preceding year largely due to the following:

- Tail-end completion of projects, including handover of vacant possession of 4 significant completed projects;
- Ongoing and newly launched projects at end of the last financial year were still at preliminary stage of development;
- Slower progress of work was experienced at one of the projects; and
- Receipt of a one-off project grant from the Government amounting to RM 11.7 million last year – there was no such grant for the financial year under review.

The strategic thrust of this division is residential development with greater focus on affordable housing to reach out to the masses. As at 30 September 2017, the gross development value of 10 ongoing projects amounted to approximately RM2.28 billion with unbilled sales totalling RM926.5 million (2016: RM801.0 million).

With available resources at its disposal, the Group is well positioned and poised to unlock the value of its existing development landbank in Kuala Lumpur, Kajang, Semenyih and Shah Alam vicinities. The Group has planned launches for the next financial year 2018 with an estimated launch gross development value of approximately RM 1.13 billion.

Whilst the division faces competition from other players in the market, the Group is confident of overcoming the challenges by focusing on the niche market of affordable homes, quality of its products and timely delivery of its commitments.

Hillpark @ Shah Alam North is an ongoing 558-acre integrated township development

Plantation

The Group's plantation operations are located in East Kalimantan, Indonesia housed under 2 subsidiaries, namely PT. Maju Kalimantan Hadapan ("PT MKH") and PT. Sawit Prima Sakti ("PT SPS") which have approximately 15,943 hectares and 2,445 hectares of plantation land respectively. The plantation lands, which are used to cultivate oil palm, are held under lease concession for 35 years from year 2007 and 2010 respectively, with an option to renew for another 25 years. Subsequently, both leases could be further extended for another 35 years.

Aerial view of oil palm trees planted at PT MKH plantation estate

The total area planted as at 30 September 2017 for both the subsidiaries was about 16,407 hectares (2016: 16,775 hectares) with 15,622 hectares (2016: 14,679 hectares) thereof which are mature.

PT MKH has fully planted about 14,877 hectares with trees ageing from 6 to 9 years. All hectares are fruiting and are being harvested. As for PT SPS, about 1,530 hectares are planted with trees ageing from 1 to 5 years with some of the planted area fruiting and harvested.

The division has a CPO mill with an installed capacity to process Fresh Fruit Bunches at 90MT per hour.

The following table summarises the performance of the division for the past three (3) years, rounded off to the nearest thousand, as the case may be:

Production for both Estates (MT)	FY2015	FY2016	FY2017
Fresh Fruit Bunches ("FFB")	370,000	371,000	407,000
Crude Palm Oil ("CPO")	81,000	85,000	83,000
Average CPO Price	RM2,000	RM2,050	RM2,530
Oil Extraction Rate ("OER")	21%	22%	20%
PT MKH – FFB Yield/hectare	25 MT	25 MT	26 MT

Figures exclude CPO purchased from outside parties for resale.

PT MKH recorded high fresh fruit bunch production of 407,000 MT for FY2017

The Plantation division recorded a significant increase in revenue from RM206.0 million last year to RM260.5 million for the year under review. However, pre-tax profit declined from RM63.1 million last year to RM 14.9 million this year, representing about 76.3%. The fluctuations in numbers are explained as follows:

- The average CPO price of RM2,530 per metric ton as compared to an average of RM2,050 which represents about 23% increase which boosted revenue;
- The volume of CPO which increased from 87,200 MT in 2016 to 90,600 MT this year, representing an increase of about 4%, also contributed to the increase in revenue;
- Although the volume of Palm Kernel declined by close to 2,050 MT over the period, the increase in average selling price of Palm Kernel from RM 1,604 per MT in 2016 to RM2,172 per MT this year more than offset the effects of reduction in volume sold;
- Inclusion of unrealised foreign exchange losses of RM7.2 million as compared to unrealised foreign exchange gains of RM39.5 million last year;
- The lower average oil extraction rate of 20.3% compared to 22.0%, caused by the La Nina effects of heavier rainfall, which raised the moisture content of the fresh fruit bunches, further dented the profit before tax of the division.

The division is cognizant of its exposure to the vagaries of movements in foreign exchange, in particular US Dollars, and therefore remains vigilant in managing this risk on an ongoing basis.

PT. MKH was among one of the first oil palm plantation companies in Indonesia to receive the ISPO certification in April 2017

A proposed pavillion at the core of Kajang 2 as the heart of the township's central business district

MKH Avenue is the first commercial development with Small Office Flexible Office (SoFo) concept in Kajang

Hotel and Property Investment

This segment comprises principally a hotel, and 2 shopping complexes located in Kajang, namely Plaza Metro Kajang (with net lettable area of about 270,000 ft^2) and Metro Point Complex (with net lettable area of about 160,000 ft^2), 4 parcels of commercial land in Kajang and Semenyih which are leased to 2 hypermarkets and 2 leading fast-food restaurants, and Rafflesia International School.

Other properties included in this segment are 4 lots of office cum car park bays, 3 lots of 2-storey shops and car park bays, and 1 lot of 6-storey shop at MKH Avenue in Kajang. This segment, which provides a steady rental income stream to the Group with an average rental yield of 5.0% per annum, posted revenue and profit before taxation of RM33.9 million and RM 15.1 million for the year under review. This represents a decline of RM5.2 million and RM2.5 million from preceding year's revenue of RM39.1 million and profit before taxation of RM 17.6 million respectively.

The decrease in revenue and pre-tax profit was mainly due to an inclusion of a gain from changes in fair value of investment property amounting to RM3.0 million and the absence of lease income amounting to RM4.6 million from certain long term leased investment properties recognised in accordance with Financial Reporting Standard 117 Leases during the year.

Prospects

The Board expects the Group to achieve satisfactory results for the financial year ending 30 September 2018, mainly from the following principal business segments:

- Property Development and Construction

  There are ongoing development projects which have been launched with total locked-in unbilled sales of about RM926.5 million. Although the Klang Valley residential market is expected to remain challenging, the Group is well positioned to take on this challenge as most of its properties are in the affordable segment where demand remains buoyant;

- Plantation

  Whilst CPO prices are expected to remain at sustainable levels, the Group will continue to focus and emphasise on estate management to unlock production efficiencies in the realms of oil extraction rate enhancement and optimising capacity utilisation of the mill; and

- Property Investment

  Rental yield from this segment is expected to average approximately 5.0% per annum based on fair values of the properties as at 30 September 2017 to provide a steady income stream to the Group.

  We are in the midst of converting the furniture manufacturing division's land and factory buildings in China into property investment for better returns.

ENRICHING LIVES AND COMMUNITIES

ECONOMIC

ENVIRONMENTAL

SOCIAL

SUSTAINABILITY STATEMENT

The Group's principal activities, which remained largely unchanged during the financial year ended 30 September 2017, comprise, inter-alia, property development and construction, plantation and hotel and property investment. As a responsible corporate citizen, the Board is mindful of the need to have, and supports, a sustainable growth strategy that takes into account sustainable practices in the economic, environmental and social aspects, taking into consideration the concerns of its key stakeholders.

This General Sustainability Statement ("Statement"), which is prepared in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters, that impact the way the Group's operations are carried out as well as how such Material Sustainability Matters are managed. The contents of this Statement encompass the Group's operations in Malaysia, Indonesia and China, which are the locations of the Group's key business operations. In preparing this Statement, the Board has considered the Sustainability Reporting Guide and its accompanying Toolkits, issued by Bursa.

Sustainability Governance Structure

Whilst the Board is primarily responsible for the sustainability performance of the Group, a Sustainability Reporting Committee, helmed by certain key management personnel, has been established to assist the Board in identifying Material Sustainability Matters, monitoring how they are managed and reporting the same to the Board.

Material Sustainability Matters and how they are managed

During the financial year and up to the date of this Statement, a training workshop as well as a follow-up meeting, which were facilitated by an external consultant, to identify Material Sustainability Matters as well as key stakeholders pertaining to the Group's operations, covering property development and construction, plantation, and hotel and property investment was conducted and participated by management personnel responsible for the various business units. Set out below is an overview of what the Material Sustainability Matters of the Group are, including how they are managed in the thematic aspects of Economic, Environmental and Social:

(A) Economic

The Group considers the quality and delivery of its property development units on a timely basis to be vital and has, accordingly, adopted the industry's best practices, where the procurement of materials and services are controlled to ensure conformance to specified requirements via tender board procedures and to ensure timely delivery of performance.

The Group's Property Development and Construction Division adheres to the industry standard of CIDB's QLASSIC in the development of property projects, adopting stringent quality checks at all stages of construction and finishing, including tested and commissioned utilities, external and internal fittings, and aesthetic appeal that are packaged in the comfort of a secure and well-built home.

Besides advancing our infrastructure plans to accelerate connectivity and enhance necessary conditions for the economic development of the communities, we anticipate and stay abreast of latest trends in the property market; embracing and adapting well to innovation such as our current planning of transit-oriented developments strategically located along the Klang Valley's urban public transportation system. Our adaptation of Industrialised Building System ("IBS") in property development will also prove to accentuate our expertise in creating value for our homebuyers through the building of affordable yet quality housing.

Among one of the first oil palm plantation companies in Indonesia to be awarded the ISPO certification, the Group commits itself to finding socially responsible alternatives to further advance estate production. MKH is also an active participant in the Indonesian Plasma Programme, with two Plasma estates totalling approximately 2,000 hectares. Through this programme, the Group provides job opportunities and improved quality of life to the local community, and also purchases FFB from them.

Implementation of IBS system in development of landed residential homes in Hillpark @ Shah Alam North

Kajang East Precinct 4 achieved QLASSIC scoring of 83% in April 2017

MKH understands the importance to conserve the

ENVIRONMENT

and practises energy-saving through various ways to save resources

Approximately 3,000 trees were planted through joint community efforts at Hillpark @ Shah Alam North

To alleviate the economic situation in the locale of the plantation estates and improve operation efficiency, the Group emphasises on procuring in bulk certain consumable items from local suppliers so that plantation workers and those in the surrounding villages may enjoy lower prices.

(B) Environmental

Being cognizant of the need to conserve the environment as it goes about its operation, MKH employees practises energy saving faithfully through many ways to save resources, such as preserving electricity wastages by switching off when not in use and reducing paper printing.

At construction site, the Group takes care to reduce and manage wastes in responsible manner by ensuring our appointed licensed contractors to do the same. Besides installing silt traps to minimise site pollution, all wastes generated from the project sites are either recycled for reuse, or transported to designated disposal sites timely and efficiently to avoid disruption of daily for the community.

To conserve natural resources, the Group designs its high rise developments with rainwater harvesting facilities, where rainwater collected are channelled mainly for common area use such as gardening and cleaning at the ground levels. This is also adopted at Metro Point Complex where rainwater is harvested for sanitary use.

Additionally, the Group is increasing its reliance of renewable energy through efforts of installing solar photovoltaic panels at its investment properties, namely Plaza Metro Kajang and Metro Point Complex – which are estimated to reduce electricity consumption by about 10% annually. At our plantation estate, mesocarp fibres from processed FFB are used as boiler fuel to power both its mill operations, offices, and the estate community.

The solar photovoltaic panels installed on the rooftop of Plaza Metro Kajang is estimated to reduce electricity consumption by about 10% annually

Whilst a practice to reduce, reuse and recycle, especially for non-hazardous wastes like paper and plastic materials, is observed, the Group has also established a treatment process where effluents from plantation operations are treated based on an anaerobic, aerobic and facultative ponding system. As prescribed by the Indonesian Government, these post-treatment emissions with biochemical oxygen demand content of less than 5,000ppm are then reused as fertiliser in approximately 600 hectares of the Group's estate to date.

Apart from preserving high conservation value areas for new property development or oil palm cultivation, the Group also abide by zero-burning policy for all new planting or replanting at its plantation operations, and effectively plan systematic drainage and irrigation systems to ensure optimum water levels that promotes estate growth. On the other hand, non-plantation land at our estates are well-utilised vegetable patches for the estate community to cultivate organic produce for own consumption – reducing cost of living in the long run.

(C) Social

In the social realm, we strive to not just engage with our employees, customers, and business partners, but also to foster high quality working relationship with local authorities, joint venture partners, suppliers, contractors, as well as agencies in our mission to create and deliver sustainable value to all our stakeholders.

At the workplace, the Group works hard to ensure a safe and clean working environment for its workforce, and organises quarterly talks by various healthcare professionals. The Project Management Department supervises site safety at each site by following specific project safety plans drawn up by all appointed contractors before commencement of any construction activity at site. Similarly, the Group's estate and mill personnel are also periodically instilled with knowledge on proper precaution against safety hazards associated with their respective responsibilities.

The were no material incident recorded on work-related injuries or fatalities for the financial year ended 30 September 2017.

In the social realm, we strive to not just engage with our

EMPLOYEES, CUSTOMERS, AND BUSINESS PARTNERS,

but also to foster high quality working relationship with local authorities

Signboards on environmental conservation at our plantation estates

Employees at the site wearing proper safety equipment

Awarded scholarships to 130 students in the Hulu Langat district in August 2017

MKH regularly engages with professional safety and health training providers to organise personal safety and health-related trainings for its employees

MKH engages with professional instructors to provide weekly Yoga and Zumba classes for its employees

The Group respects gender diversity, and is mindful of the need to constantly upskill its workforce and treat its employees fairly by providing equal opportunities to all for personal and career enhancement within the Group.

Besides providing competitive remuneration and welfare benefits such as designated car parks for pregnant staff and medical care, the Group also emphasise on the importance to achieve positive work-life balance by promoting healthy lifestyle at the workplace. Its headquarter is well-equipped with a studio gym within the office building where employees can enjoy at their leisure.

MKH proactively engage with our community through various CSR responsibility activities at where we operate in. Our social contribution in FY2017 amounted to RM 1.6 million, attributable to charitable donations for development of community oriented facilities, scholarship disbursement as well as sports and wellness community engagement programmes. On 30 October 2017, the Group has also agreed to donate 3 parcels of land totalling approximately 4.83 acres in Kajang for the purpose of establishing a new National-type Secondary School (*Sekolah Menengah Jenis Kebangsaan Yu Hua Kajang (2)*) to cater to the growing student population in Hulu Langat district.

Travel time from Kajang to Bangi was conveniently reduced to only 10 minutes after the successful completion and launch of the Kajang 2 Flyover in July 2017

MKH employees are always passionate about making a difference in the community and are encouraged to get involved in causes that resonate with them. In 2017, they volunteered 712 hours for 10 corporate social responsibility projects.

Being mindful of the need to invest in the community, the Group continues to play its part in upgrading essential facilities built for the benefit of the 10,000 community members within our oil palm estates. Among others, there were the 24-hour community clinic, increased number of medical officers and doctors on duty as well as the establishment of the special care room with essential medical equipment. To further support economic and residential growth, the Group had also upgraded various roads within the vicinity of our oil palm estates to provide safer access for the ever-growing population of the community.

Our belief in education as a catalyst for positive change in the community is extended to our community in Indonesia as well, where we assist our estate children aged 4 to 12 years old by providing schools and necessary teaching materials to improve their academic performance. All primary 6 students recorded a 100% pass rate in national exam *Ujian Nasional Sekolah Dasar* in 2017.

The Board is of the view that the existing sustainability practices adopted are adequate and pertinent to steer the Group's sustainable growth. Nonetheless, it will consider the need to implement other sustainability practices, as appropriate, to augment existing ones as the Board monitors the sustainability performance of the Group's operations on an ongoing basis.

MKH Volunteers celebrated Malaysia's 60th Independence Day with 69 children from *Asrama Damai Rumah Anak Anak Yatim Kuang* at Hillpark @ Shah Alam North

A telecommunication tower was erected through collaboration with local telecommunication company to provide communication access to our estate community

Being mindful of the need to invest in the community, the Group continues to play its part in upgrading essential facilities built for the benefit of approximately

10,000 COMMUNITY MEMBERS

within our oil palm estates.

MKH takes care of its estate community by building schools and providing education opportunity for the estate workers' children

Artist's Impression

LEVERAGING ON EXPERTISE

TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG

Executive Chairman

- Aged 74
- Male
- Malaysian

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong was appointed to the Board on 27 September 1979 and holding the present position as Executive Chairman since 30 October 2006. He is also a member of the Executive Committee. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong is also the Chairman of Hulu Langat Chinese Industry & Commerce Association in Kajang and the Chairman of Sekolah Menengah Jenis Kebangsaan Yu Hua's Board. He is also a Director of Intelek Murni (M) Berhad, a subsidiary of MKH Berhad. He has been involved in business for about 57 years of which 39 years were in property development and construction industries and 25 years were in plantation sector.

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong is the recipient of the award of "The Property Man of 2013" by FIABCI Malaysia, for his contribution to the property industry. He is the brother of Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah. He has no conflict of interest with the Company.

TAN SRI DATUK CHEN LOK LOI

Managing Director

- Aged 65
- Male
- Malaysian

Tan Sri Datuk Chen Lok Loi holds a Bachelor of Business Studies (Marketing) from Monash University, Australia. He was appointed to the Board on 31 July 1984 and holding the present position as Managing Director since 19 January 2005. He is also a member of the Executive Committee and a Director of GK Resort Berhad and Intelek Murni (M) Berhad, both subsidiaries of MKH Berhad. Tan Sri Datuk Chen Lok Loi is the recipient of the "Malaysian Construction Industry Excellence Awards 2015 CEO of The Year Award" and "REHDA Personality Award 2013". He has more than 36 years of experience in property development and construction related businesses.

Tan Sri Datuk Chen Lok Loi is a Patron, Past President of Real Estate and Housing Developers' Association (REHDA) of Malaysia and serves as a National Council and Executive Committee Member of REHDA Malaysia and sits on various government-private sector committees that formulate policies governing the housing and real estate industry.

Tan Sri Datuk Chen Lok Loi is the President of the Malaysia Shopping Malls Association and the President of the Building Management Association of Malaysia, Chairman for Construction and Property Committee in the Association Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and served as the Honorary Treasurer of the Malaysia Crime Prevention Foundation (MCPF). He is also the President of the Race Walkers' Association of Malaysia (RWAM).

Tan Sri Datuk Chen Lok Loi is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Datuk Chen Fook Wah. He has no conflict of interest with the Company.

DATUK CHEN FOOK WAH

Deputy Managing Director

- Aged 61
- Male
- Malaysian

Datuk Chen Fook Wah holds a Master of Business Administration from University of Wales. He was appointed to the Board on 25 November 1999 and holding the present position as Deputy Managing Director since 19 January 2005. He is currently a member of the Executive Committee and also a Director of GK Resort Berhad, a subsidiary of MKH Berhad. He was admitted to the Board of Valuers and Real Estate Agent of Malaysia in 1986. Prior to joining the Group, he was with Guthrie Trading Sdn Bhd from 1973 to 1974 and Hilton Realty from 1975 to 1978. He is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Tan Sri Datuk Chen Lok Loi. He has no conflict of interest with the Company.

DATUK MOHAMMAD BIN MAIDON

Independent Non-Executive Director

- Aged 76
- Male
- Malaysian

Datuk Mohammad Bin Maidon was appointed to the Board on 27 February 2014. He holds a Degree in Business Administration from Universiti Teknologi MARA. He started his career in the marketing division of Colgate-Palmolive (Malaysia) Sdn Bhd ("Colgate-Palmolive") in 1965 and later in the Human Resources Division until his retirement in 1999 with his last position as a Senior Director of Human Resources and Corporate Affairs. He was responsible for the Halal program of Colgate-Palmolive and had been working closely with Jabatan Kemajuan Islam Malaysia and Halal Development Corporation. He is an active member of the Halal Management Team of Colgate-Palmolive from 1980 to 2000 and is still a board member of Colgate-Palmolive as at this date. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

EN. MOHAMMED CHUDI BIN HAJI GHAZALI

Senior Independent Non-Executive Director

- Aged 74
- Male
- Malaysian

En. Mohammed Chudi Bin Haji Ghazali was appointed to the Board on 19 March 2003. He is also a member of the Audit Committee and Chairman of the Nomination Committee. He was attached to Standard Chartered Bank Malaysia Berhad for 36 years and was a Senior Manager prior to his retirement in 1999. He has attended banking courses conducted at National Westminister Bank Staff College, Oxford and Manchester University Business School. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

HAJI MOHAMED BIN ISMAIL

Independent
Non-Executive Director

- Aged 77
- Male
- Malaysian

Haji Mohamed Bin Ismail was appointed to the Board on 18 March 2004 as a Non-Independent Non-Executive Director and was re-designated to Independent Non-Executive Director on 31 March 2010. He is the Chairman of the Remuneration Committee and also a member of the Audit Committee and Nomination Committee. He was the State Director of Lembaga Pertubuhan Peladang from 1978 to 1989. He later became the Director General of Lembaga Tembakau Negara ("LTN") from 1990 to 2000 and was the Chairman of LTN from 2001 to 2002. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

EN. JEFFREY BIN BOSRA

Independent
Non-Executive Director

- Aged 49
- Male
- Malaysian

En. Jeffrey Bin Bosra was appointed to the Board on 1 August 2008. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee. He is currently a member of The Malaysian Institute of Certified Public Accountants ("MICPA") and The Malaysian Institute of Accountants ("MIA"). He started his professional career with Arthur Andersen & Co. focusing on external audits and business advisory works. He later joined an established commercial group as the Finance Manager from 1996 to 2000. He then joined Ernst & Young as the Senior Manager specialising in corporate governance, risk management, internal audits, special investigation and turnaround management related service. Encik Jeffrey Bin Bosra left Ernst & Young in 2004 and started his own audit firm. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

HAJI HASAN AZIZ BIN MOHD JOHAN

Independent
Non-Executive Director

- Aged 77
- Male
- Malaysian

Haji Hasan Aziz Bin Mohd Johan was appointed to the Board on 18 July 2013. He holds a Diploma in Agriculture Malaya from College of Agriculture, Serdang, Selangor Darul Ehsan. He started his career in 1962 at the Department of Agriculture, Kuantan, Pahang under the Ministry of Agriculture (soil science division). He was appointed as the advisor to an oil palm plantation company, Watawala Plantations Ltd in Sri Lanka from 2001 to 2003 and later engaged as a Visiting Agent for some of FELCRA Berhad's plantations from 2009 till 2010. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

Additional Information:

1. Save as disclosed in the profile of Directors, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah have no other directorship in public companies and listed issuers.
2. Save for Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah, none of the other Directors has any family relationship with any Director and/or major shareholder of the Company.
3. None of the Directors have:
   (i) any conflict of interest with the Company;
   (ii) been convicted of any offence (other than traffic offences) within the past 5 years; and
   (iii) been imposed with any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Statement on page 53.

DATO' CHONG YONG HAN

Property Director

- Aged 46
- Male
- Malaysian

He was appointed as a Property Manager in Property Development Department of MKH Berhad and was later promoted to General Manager of Property Department in December 2002, Group Senior General Manager in April 2007 and Property Director in March 2013.

He graduated from Lincoln University, New Zealand with Bachelor of Commerce (Valuation and Property Management) in year 1994 and obtained his MBA (Real Estate) in year 2000 from University of Western Sydney, Australia.

He has more than 16 years of experience in property development and construction related businesses. He specialises in development planning and marketing.

DATO' LEE KHEE MENG

Plantation Director

- Aged 39
- Male
- Malaysian

He holds a Bachelor of Science (Honours) in Economics and Management from University of London, UK. He had also further undertaken Certified Credit Professional examinations from the Institute of Bankers Malaysia. Since 2012, he has been an international delegate at Indonesia Palm Oil Conferences.

He started his career as a corporate banker in Malaysia and moved on to management roles in other industries, with exposure in Southeast Asia and Europe. In 2011, he joined MKH Group and currently heads the Group's agriculture division.

DATO' CHEN WAY KIAN

Deputy Property Director

- Aged 33
- Male
- Malaysian

He holds a Bachelor of Business from University of Technology, Sydney. He joined MKH Berhad in 2005 and has been appointed as the Deputy Property Director of MKH Berhad on March 2015. Prior to his appointment to the present position, he was Special Assistant to the Executive Chairman since 2011. He has been in the property development and agricultural sectors for more than 11 years.

He is the son of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and the nephew of Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah who are members of the Board of the Company.

MS. KOK SIEW YIN

Chief Financial Officer

- Aged 45
- Female
- Malaysian

She is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a member of the Malaysian Institute of Accountants (MIA).

She is the Chief Financial Officer for MKH Berhad group of companies. She has more than 13 years of audit experience in property development, construction, hotels, retail, manufacturing and timber plantation industry. She was also involved in corporate advisory and has experience in financial valuation and financial due diligence for companies. She joined MKH Group in 2004 as a Corporate Finance Manager and was promoted to Financial Controller in 2008 and Chief Financial Officer in 2015.

MR. TAN WAN SAN

Chief Treasury Officer / Group Company Secretary

- Aged 49
- Male
- Malaysian

He is the Chief Treasury Officer and Group Company Secretary for MKH Berhad group of companies. Prior to joining MKH Berhad Group in 1996, he was with a bank. He graduated from Universiti Utara Malaysia with a Bachelor Degree in Accountancy (Honours) and is a Chartered Accountant registered with the Malaysian Institute of Accountants and is a member of Certified Practising Accountant ("CPA"), Australia. He was promoted to Chief Treasury Officer in 2015.

He has more than 24 years of senior-level management experience in company secretarial, legal and treasury matters.

EN. AHMAD YANI SULAIMAN

General Manager

- Aged 51
- Male
- Malaysian

He was appointed as a Senior Manager in Property Development Department of MKH Berhad in 2007 and was promoted to General Manager in 2016.

He started his career as an auditor in 1991 upon graduating from ITM in Accounting Studies.

In 2001, he joined a property developer and was overseeing the Sales and Marketing portfolio and was later redesignated to be a Project Manager overseeing property development.

Save as disclosed, none of the Key Senior Management have:-

- any directorship in public companies and listed issuers;
- any family relationship with any Directors and/or major shareholders of the Company;
- any conflict of interest with the Company;
- any conviction for offences within the past 5 years other than traffic offences; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

The Board of Directors ("the Board") of MKH Berhad is pleased to report to the shareholders on the manner MKH Berhad ("MKH" or "the Company") and its subsidiaries ("the Group") has applied the Principles, and the extent of compliance with the Recommendations of good governance as set out in the Malaysian Code On Corporate Governance 2012 ("MCCG 2012" or "the Code") issued by the Securities Commission, aimed to enhance the effectiveness of corporate governance framework to safeguard the interest of shareholders and other stakeholders as prescribed under Paragraph 15.25 of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements ("Listing Requirements"). The Board recognise the importance of promoting good corporate governance to ensure long term sustainability, growth and delivering value.

The Company and the Group have complied with the relevant Principles and Recommendations set out in the MCCG 2012 during the financial year under review. The Board having duly considered the rationale for the said exception as explained in this Annual Report is committed to comply with the Principles and Recommendations of the MCCG 2012.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The responsibilities of the Board, which should be set out in a Board Charter, include management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings.

The Board Of Directors

MKH is led by an experienced Board comprising member who are specialised in the property development and construction sector, banking sector, plantation/agriculture sector, civil service, professional in accounting sector and human resource sector. This wide spectrum of competencies, capabilities, skills and relevant business experience provide the Board with a diverse set of expertise and knowledge in discharging its responsibilities for the proper functioning of the Board and ensure that the Group continues to be competitive within its diverse industry segment.

Directors	Industry/Background Experience						Age Composition			
	property development and construction	banking	plantation/ agriculture	civil service	professional in accounting	human resource	40 to 49 years	50 to 59 years	60 to 69 years	70 to 79 years
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	√		√							√
Tan Sri Datuk Chen Lok Loi	√								√	
Datuk Chen Fook Wah	√								√	
Datuk Mohammad Bin Maidon						√				√
En. Mohammed Chudi Bin Haji Ghazali		√								√
Haji Mohamed Bin Ismail			√	√						√
En. Jeffrey Bin Bosra					√		√			
Haji Hasan Aziz Bin Mohd Johan			√							√

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

Board Responsibilities

The Group is headed by the Board that leads and controls the overall performance of the Group. The role of the Board includes the following six (6) specific areas:

(a) reviewing and adopting strategic plans for the Group;

(b) overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;

(c) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;

(d) succession planning, including the implementation of appropriate systems for appointing, training, fixing the compensation of and where appropriate, replacing senior management and the Board acknowledges the importance of readiness of talent pool for succession planning;

(e) developing and implementing an investor relations programme for the Company, as it is important that the Company is able to communicate effectively with its shareholders; and

(f) reviewing the adequacy and the integrity of the Group's internal control systems and management systems; including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To ensure effective discharge of its responsibilities, the Board delegates specific powers to other Board committees as prescribed under the MCCG 2012:

(a) Executive Committee;
(b) Audit Committee;
(c) Risk Management Committee;
(d) Nomination Committee;
(e) Remuneration Committee; and
(f) Sustainability Reporting Committee.

Each of the Board committees operate within the defined terms of reference that have been approved by the Board. The respective committees' chairman will report to the Board on any significant developments and deliberations conducted at the Board committee level.

The Board reserves to itself certain key matters to approve, including the Group's strategic plans, major capital expenditure, corporate governance issues and external financial reporting. The Board delegates responsibility for the day-to-day operation of the business to the Executive Directors and recognises its responsibility for ensuring that the Company operates within a framework of prudent and effective controls.

The Independent Directors are involved in various committees and play a crucial role of bringing objectivity to the decisions made by the Board. They provide independent judgement, experience and objectivity without being subordinated to operational considerations to ensure that the interests of all stakeholders are taken into account and relevant issues are subjected to objective and impartial consideration by the Board.

The management is accountable for the execution of the Group's corporate objectives, while the committee complements and reinforces the above execution through supervisory role.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

Board Composition and Balance

During the year in review, the Board, led by an experienced Executive Chairman, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong was made up of eight (8) members comprising three (3) Executive Directors including the Chairman and Managing Director and five (5) other Independent Non-Executive Directors which is in line with the recommendation 3.5 of the MCCG 2012, where the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

The composition of the Board was well balanced, representing both the major and minority shareholders' interests and complied with the Listing Requirements where at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must comprise of Independent Directors.

The Board having reviewed its size and composition is satisfied that its current size and composition is well balanced, with diverse professional background, skills, expertise and knowledge in discharging its responsibilities for the proper functioning of the Board and fairly reflects the investment in the Company by shareholders apart from the largest shareholder. Furthermore, the current number of Board members is conducive for efficient deliberations at Board meetings and effective conduct of Board decision-making.

Senior Independent Director

The Board has identified and appointed En. Mohammed Chudi Bin Haji Ghazali as the Senior Independent Non-Executive Director to whom concerns of shareholders, management, employees, and others may be conveyed. The Independent Directors led by En. Mohammed Chudi Bin Haji Ghazali provide a broader view, independent and balanced assessment of proposals from the Executive Directors. The Board is assisted by a management team relevant to the Group's business operations.

In fostering the commitment to the Board that the Directors devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorships and such notifications shall include an indication of time that will be spent on the new appointments. All Directors hold not more than five (5) directorships each in public listed companies.

Board Charter

The Board has adopted a Charter, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the vision and mission and principles of the Company and the policies and strategy development of the Group. The Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Charter will be periodically reviewed and updated in accordance with the objectives and responsibilities of the Board and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Charter is available for reference at the Company's website at *www.mkhberhad.com*.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

Code Of Ethics And Conduct And Whistleblowing Policy

The Board is committed to create a corporate culture that adhere to the best practices of corporate governance and to uphold high standard of corporate conduct. The *Code of Ethics and Conduct* ("the Ethics Conduct") which set out the ethical standards and appropriate conduct at work adopted by the Group and is applicable to all employees and Directors of the Group.

The Ethics Conduct covers the areas of conflict of interest, confidential information, insider information and securities trading, protection of Group's assets and etc.

The details of the Ethics Conduct are available for reference at the Company's website at *www.mkhberhad.com*.

In line with good corporate governance practices and with the introduction of the Whistleblower Protection Act 2010, the Board has put in place *Whistleblowing Policy*, a mechanism for its employees and stakeholders to report any concerns relating to possible improper conduct within the Company in matters relating to financial, compliance, misconduct, wrongdoing and other malpractices in an appropriate manner. The Group encourages its employees to raise genuine concerns within the Group in an appropriate way without the fear of being retaliation and the identity of the whistleblower will be protected and kept confidential.

Any employee who has knowledge or is aware that any improper conduct has been, is being, or is likely to be committed is encouraged to make disclosure through the following reporting channels via writing or by telephone:-

En. Mohammed Chudi Bin Haji Ghazali
Senior Independent Non-Executive Director
c/o MKH Berhad
5th Floor, Wisma MKH
Jalan Semenyih, 43000 Kajang
Selangor Darul Ehsan
Phone (Mobile) : +6012-287 2040
Email Address : chudi@mkhberhad.com

Upon reporting an incident through the reporting channel, the whistleblower will be given a report code where they can check their report for feedback or questions. At the conclusion of investigation and as appropriate to the circumstances the Senior Independent Non-Executive Director may engage with the whistleblower who reported the concern, complaint or breach, for feedback so as to help determine whether the matter was dealt with fairly and appropriately.

The details of the *Whistleblowing Policy* is posted on the Company's website at *www.mkhberhad.com* for ease of access and reference.

Sustainability

The Board is mindful on the importance of the business sustainability. In conducting the Group's businesses, the impact on the economic, environmental and social aspects are taken into consideration by the Board. Details of which are disclosed in the Sustainability Statement set out in this Annual Report.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

Gender Diversity Policy

The Board acknowledges the importance of diversity in its membership, including gender, ethnicity and age, and strives to maintain the right balance for effective functioning of the Board. The Board is mindful of the recommendation of the Code to have at least 30% women decision-makers in the corporate sector by year 2016. However, the Board has not established the policy on gender diversity.

Nevertheless, the Nomination Committee would take steps to ensure suitable woman candidates are sought for appointment as the Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company so as to ensure balances gender and skills diversity, ethnicity and age within the Group.

Independence Professional Advise

The Directors of the Group are entitled to take independent professional advise at the expense of the Company, in furtherance of their duties.

Access To information

All Directors are provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. All Board papers are distributed seven (7) days in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, Chief Financial Officer and Senior Management, should such a need arise. The Company Secretary always supports the Board in ensuring adherence to Board policies and procedures. Where necessary, the services of other external consultants will be arranged to brief and address any concern of the Directors.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Board should have transparent policies and procedures that will assist in the selection of Board members. The Board should comprise of members who are able to bring value to Board deliberations.

Executive Committee

The Executive Committee meets regularly to review the operations of the Group's operating divisions. The Chief Financial Officer, Head of Property Development, Company Secretary and relevant departmental heads are invited to attend the Executive Committee meeting. The terms of reference of the Executive Committee are available for reference at *www.mkhberhad.com*.

The attendance record of each member of the Executive Committee during the financial year is as follows:

Executive Committee	Designation	Attendance
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	Chairman	7/9
Tan Sri Datuk Chen Lok Loi	Member	9/9
Datuk Chen Fook Wah	Member	7/9

PRINCIPLE 2: STRENGTHEN COMPOSITION (continued)

Nomination Committee

The Nomination Committee was established on 27 November 2012 and comprises of two (2) members, all of whom are Independent Non-Executive Directors and they are responsible to make independent recommendations for appointments to the Board. The members of the Nomination Committee and their attendance at the Nomination Committee meeting held during the year under review are as follows:

Committee Members	Designation	Attendance
En. Mohammed Chudi Bin Haji Ghazali	Chairman	1/1
Haji Mohamed Bin Ismail	Member	1/1

The Nomination Committee is empowered by the Board among others to recommend to the Board the right candidates (including gender considerations) with the necessary skills, experience and competencies to be filled in the Board and Board Committees, assess the qualifications of a Director, including their past contributions to the Board and the Director's attendance and contributions at the Board and Committee meetings, prior to recommending a Director for re-election or re-appointment to another term, assesses the effectiveness of the Board, board structure, size and composition.

(a) Board Appointment

The selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Board, management and/or recruitment firms. In reviewing and recommending to the Board any new Director(s) appointment, the Nomination Committee considers:

(a) Size, composition, mix of skills, competencies, experience and other qualities of the existing Board and Committees members, level of commitment, resources and time that the recommended candidate can contribute to the Board's and Committee's collective skills;

(b) The candidate's age, skills, knowledge, qualification, experience, integrity, professionalism, and in the case for the position of Independent Non-Executive Director, the independence as defined in the Listing Requirements and the Corporate Governance Guide issued by Bursa Malaysia to intensify independence and objectivity in judgement without fear and favour as expected from an Independent Non-Executive Director; and

(c) The candidate's understanding of the Group businesses with potential contributions to ensure that the Group continues to be a competitive leader within its diverse industry segments and factors that promote boardroom diversity, including gender diversity and other qualities of the Board.

Following the appointment (if any), new Director(s) will be briefed on the Company and Group's businesses, operations and management level to facilitate better overall understanding. The Company Secretary then ensures that all appointments (if any) are properly made and all the necessary information is obtained as well as all legal and regulatory obligations are met and complied with.

PRINCIPLE 2: STRENGTHEN COMPOSITION (continued)

Nomination Committee (continued)

(b) Re-election And Re-appointment Of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subjected to re-election by the shareholders in the next Annual General Meeting ("AGM") subsequent to their appointment. At least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election is in line with the Listing Requirements.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

The Directors due for re-election by rotation pursuant to Article 110(1) of the Company's Constitution at the forthcoming AGM is En. Jeffrey Bin Bosra.

Although the 70-year age limit for Directors had been abolished under the Companies Act, 2016, Directors who were re-appointed by the members at the last annual general meeting pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next annual general meeting, are required to be re-appointed in order to continue in office. If re-appointed, these Directors will then be subject to retirement by rotation in accordance with the Company's Constitution.

The Nomination Committee have also reviewed and assessed the performance and commitment of those Directors who are subject to re-election and/or re-appointment at the forthcoming AGM before recommendations were made to the Board for its approval to table the proposed re-election and/or re-appointment at the forthcoming AGM for shareholders' approval.

(c) Annual Assessment

The Nomination Committee also assesses the effectiveness of the Board as a whole and Audit Committee and the contribution of each individual Director, including Independent Non-Executive Directors on an annual basis. The evaluation process was led by the Nomination Committee's Chairman and supported by the Company Secretary. The evaluation results were considered by the Nomination Committee, which then made recommendations to the Board with the aim of helping the Board to discharge its duties and responsibilities. The evaluation was based on specific criteria such as Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.

The Nomination Committee conducted the Board members performance evaluation via questionnaires which covers Board's effectiveness as a whole together with Directors' self assessment. The Directors' self assessment was conducted to evaluate the mix of skills, experience and the individual's Directors ability to contribute and exercise independent judgement towards the effective functioning of the Board. The Nomination Committee also conducted the review of the Audit Committee members' performance via questionnaire and self and peer evaluation form to ensure a balanced and objective review by the Directors and the Audit Committee for the abovementioned key areas.

PRINCIPLE 2: STRENGTHEN COMPOSITION (continued)

Nomination Committee (continued)

(c) Annual Assessment (continued)

The Nomination Committee also evaluates the independence of the Independent Non-Executive Directors based on the criteria of "Independence" as prescribed in the Listing Requirements and the Corporate Governance Guide issued by Bursa Malaysia.

During the deliberation of the performance of an individual Director who is also a member of the Nomination Committee, that member will abstains from the deliberation of their own performance to avoid any conflict of interests.

The Nomination Committee, pursuant to the annual review that was carried out, was satisfied that the size of the Board is optimum, well-balanced with the appropriate mix of skills and experience in the composition of the Board and its Committees. All assessments and valuation carried out by the Nomination Committee in discharging its duties were also properly documented.

The summary activities undertaken by the Nomination Committee in the discharge of its duty for the financial year under review on 28 December 2017 are as follows:

(a) reviewed the Directors who were due for re-election by rotation and/or re-appointment;
(b) reviewed the Board's required mix of skills, current size and composition, experience and other qualities including the core competencies which Independent Non-Executive Directors should bring to the Board;
(c) evaluated the independence of the Independent Non-Executive Directors based on the criteria of "Independence" as prescribed in the Listing Requirements and the Corporate Governance Guide issued by Bursa Malaysia;
(d) assessed and evaluated the effectiveness of the Board based on specific criteria such as Board composition and structure, principal responsibilities of the Board, the Board process and Board governance;
(e) assessed and evaluated the individual Directors' performance and the effectiveness of the Board as a whole together with the Audit Committees' performance;
(f) identified suitable training programmes for the Directors and Audit Committee; and
(g) deliberated on the findings of the assessments and reported the findings to the Board.

The terms of reference of the Nomination Committee are available for reference at *www.mkhberhad.com*.

Remuneration Committee

The Remuneration Committee was established on 27 November 2012 and comprises of two (2) members, all of whom are Independent Non-Executive Directors. The members of the Remuneration Committee and their attendance at the Remuneration Committee meetings held during the year under review are as follows:-

Committee Members	Designation	Attendance
Haji Mohamed Bin Ismail	Chairman	1/1
En. Jeffrey Bin Bosra	Member	1/1

PRINCIPLE 2: STRENGTHEN COMPOSITION (continued)

Remuneration Committee (continued)

The Remuneration Committee is responsible for recommending to the Board on the remuneration framework and packages of all Directors and in the case of Non-Executive Directors' fees including Board Committees' fees, the approval of the shareholders is required. The Directors shall abstain from deliberating and voting's on their own remuneration.

During the financial year under review, the Committee held one (1) meeting to deliberate on the following:

(a) review of the salaries, bonuses and incentives of senior management of the Group; and
(b) approve the remuneration package and bonus for the Executive Directors.

The terms of reference of the Remuneration Committee are available for reference at *www.mkhberhad.com*.

Directors' Remuneration

The levels of remuneration for Executive Directors are linked to experience, scope of responsibilities, service seniority, performance of the Executive Directors and published market survey information in order to attract, retain and motivate the Executive Directors to run the Group successfully. The levels of remuneration for Independent Non-Executive Directors are based on their contribution to the Group in terms of their knowledge, experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

In compliance with the Listing Requirements on disclosure of Directors' remuneration, details of the Directors' remuneration for the financial year ended 30 September 2017, in aggregate and analyses into the bands of RM50,000 are as follows:-

Directors' remuneration

	Company			Group		
Category	**Executive Directors RM**	**Non-Executives Directors RM**	**Total RM**	**Executive Directors RM**	**Non-Executives Directors RM**	**Total RM**
Directors' fees	-	250,000	250,000	-	250,000	250,000
Directors' salaries & bonuses	-	-	-	13,161,220	36,000	13,197,220
Allowances	-	39,000	39,000	-	39,000	39,000
Benefits in kind	-	-	-	94,488	-	94,488
Other emoluments*	-	-	-	3,091,305	6,240	3,097,545
TOTAL	**-**	**289,000**	**289,000**	**16,347,013**	**331,240**	**16,678,253**

* Includes provision for retirement gratuity of the Group amounting to RM587,866 for certain eligible Directors of the Company.

PRINCIPLE 2: STRENGTHEN COMPOSITION (continued)

Directors' Remuneration (continued)

Breakdown of Directors' remuneration by category and in each successive band of RM50,000

	No. of Directors	
Range of Remuneration (RM)	**Executive**	**Non-Executive**
1 - 50,000	-	-
50,001 - 100,000	-	5
100,001 - 500,000	-	-
500,001 - 2,000,000	-	-
2,000,001 - 2,050,000	-	-
2,050,001 - 2,100,000	1	-
2,100,001 - 6,200,000	-	-
6,200,001 - 6,250,000	1	-
6,250,001 - 8,050,000	-	-
8,050,001 - 8,100,000	1	-
TOTAL	**3**	**5**

PRINCIPLE 3: REINFORCE INDEPENDENCE

The Board should have policies and procedures to ensure effectiveness of Independent Directors.

Review Of Directors' Independence

As part of its commitment, the Board supports the highest standards of corporate governance and the development of best practices for the Company. The Independent Non-Executive Directors as defined under Paragraph 1.01 of the Listing Requirements are independent from management and are free from any business or other relationships that could materially interfere with the exercise of their independent judgement. Independent Non-Executive Directors are required to voice their reservations of any Board decisions in areas such as policies and strategies which could be detrimental to the interest of the minority shareholders.

The Board and Nomination Committee assess the independence of its Independent Non-Executive Directors through a self-assessment of independence of Independent Non-Executive Directors under the annual Board evaluation process. The assessment of independence is based on the criteria prescribed under the Listing Requirements and the Corporate Governance Guide issued by Bursa Malaysia.

During the financial year, none of the Independent Non-Executive Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The Board was satisfied with the level of independence demonstrated by all Independent Non-Executive Directors.

PRINCIPLE 3: REINFORCE INDEPENDENCE (continued)

Tenure Of Independent Directors

Pursuant to Recommendation 3.2 of MCCG 2012, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to being re-designated as a Non-Independent Director. However, the Company does not have term limits for its Independent Directors as the Board believes that continued contribution provides benefits to the Board and the Company as a whole.

Out of the five (5) Independent Non-Executive Directors, two (2) Independent Directors with vast experience in banking industry and professional in accounting, have served the Company for more than nine (9) years. Nevertheless, the length of service on the Board does not in any way interfere the exercising of independent judgement, expressing views and in participating in deliberations and decision making of the Board and Board Committees.

The Board values a Director's contribution, calibre, qualification, experience and personal qualities, particularly of the Director's ability and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as an Independent Director instead of the length of service. Each Independent Director has undertaken to notify the Board of any changes in their circumstances or of any new interest or relationship that would affect their level of independence as an Independent Director of the Company.

The Board upon the recommendation of the Nomination Committee has approved and intends to seek shareholder's approval in the forthcoming AGM to retain En. Jeffrey Bin Bosra and En. Mohammed Chudi Bin Haji Ghazali as Independent Directors pursuant to Recommendation 3.3 of the MCCG 2012 as an Independent Non-Executive Director of the Company based on the following justifications:

(a) both of them fulfils the criteria of an independent Director pursuant to Bursa Malaysia Listing Requirements;

(b) both of them have good understanding of the Group's diversified businesses and operations to enable them to make significant contributions independently and effectively to the Company's decision-making during deliberations or discussion;

(c) both of them have exercised due care and devoted sufficient time and attention (via participating in the Board and Board Committees meetings) in discharging their duty and responsibilities diligently and in the best interest of the Company during their tenure as Independent Directors; and

(d) both of them are objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees without fear and/or favour to safeguard the Company's and shareholders' interest as a whole.

PRINCIPLE 3: REINFORCE INDEPENDENCE (continued)

Chairman And Managing Director

There is a clear division of responsibilities at the helm of the Company to ensure a balance of authority and power as the roles of the Chairman and the Managing Director are distinct and separate.

The Code recommends that the Chairman must be of a non-executive member of the Board. However, the Nomination Committee has assessed, reviewed and determined that the chairmanship of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong as an Executive Director remains based on the following justifications and contribution by Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, as a founder and Executive member of the Board:-

a) He has been involved in business for about 57 years of which 39 years were in property development and construction industries and 25 years were in plantation sector. His vast experience has enabled him to provide the Board with a diverse set of experience, expertise and skills to ensure that the Group continues to be a competitive leader within its industry segments;
b) He has exercised due care in the best interest of the Company and shareholders during his tenure as an Executive Chairman of the Company; and
c) He has successfully lead and managed the Board to achieve a commendable performance for the Group.

To reinforce the independence, the Board has appointed En. Mohammed Chudi Bin Haji Ghazali as Senior Independent Non-Executive Director, to address the shareholders' concern, if any.

The division of responsibilities between the Executive Chairman and the Managing Director is clearly established and summarised as follows:-

<u>Executive Chairman (Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong)</u>

a) Leads the Board, promotes and oversee the highest standards of corporate governance within the Board and the Company;
b) Chairs the orderly conduct of meetings and facilitates discussion of all agenda items, in particular strategic issues and matters between the Board and investors;
c) Facilitating effective contributions of Independent Non-Executive Directors and constructive relationships between Executive and Independent Non-Executive Directors; and
d) Ensure that Board members receive accurate, timely and clear information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.

<u>Managing Director (Tan Sri Datuk Chen Lok Loi)</u>

(a) Responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group's business operation based on effective risk management controls and overseeing and managing the day-to-day operation of the Group;
(b) Provide strategic advice and guidance to the Executive Chairman and the members of the Board, to keep them aware of developments within the industry and to ensure that appropriate policies are developed to achieve the Group's objectives and to comply with all relevant statutory and other regulations;
(c) Maintain effective formal and informal channels with major customers, relevant government departments and agencies, local authorities, key decision-makers and other stakeholders generally, to exchange information and views and to ensure that the Group reputation and relationship are well maintain; and
(d) Controlling and monitoring the implementation of the annual budget to ensure that budget targets are met, that revenue flows are maximised and that fixed costs are minimised.

PRINCIPLE 3: REINFORCE INDEPENDENCE (continued)

Chairman And Managing Director (continued)

The Executive Directors take on the primary responsibility of managing the Group's business and resources, led by the Executive Chairman, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and the Managing Director, Tan Sri Datuk Chen Lok Loi.

PRINCIPLE 4: FOSTER COMMITMENT

Directors should devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills.

Recommendation 4.1 of the MCCG 2012 recommends that the Board should set out the expectations on time commitment for its members and protocols for accepting new directorships. Each Director is required to notify the Chairman of the Board prior to accepting directorships outside the Group. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships. The notification will also include an approximate indication of time that will be spent by the Directors on the new directorships.

Board Meetings

The Board meets at least four (4) times a year and has a formal schedule of matters reserved to it. Additional meetings are held on an ad-hoc basis to deliberate on matters requiring its immediate attention. The Board is supplied with full and timely information to enable it to discharge its responsibilities. During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various Board Committees and results are deliberated and considered. Management and performance of the Group and any other strategic issues that affect or may affect the Group's businesses are also deliberated.

During the financial year, the Board met five (5) times; whereat it deliberated and considered a variety of matters affecting the Company's operations including the Group's financial results, business plan and direction of the Group. A summary of attendance for each of the Board of Directors are as follows:

Name of Director	No. of Meetings Attended
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	5/5
Tan Sri Datuk Chen Lok Loi	5/5
Datuk Chen Fook Wah	5/5
Datuk Mohammad Bin Maidon	5/5
En. Mohammed Chudi Bin Haji Ghazali	5/5
Haji Mohamed Bin Ismail	5/5
En. Jeffrey Bin Bosra	4/5
Haji Hasan Aziz Bin Mohd Johan	5/5

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

PRINCIPLE 4: FOSTER COMMITMENT (continued)

Supply And Access To Information

To ensure effective conduct of Board meetings, a structured formal agenda and appropriate documents relating to the agenda include minutes of the previous Board meeting, quarterly report and results of the Company and the Group, progress reports on operations in relation to the risk management, corporate proposals (if any) and any other business are circulated to all Board members in advance of Board meetings. The Board members are thus given sufficient time to peruse the matters that will be tabled at the Board meetings and this enhances the overall decision making process.

The Board have access to all information within the Company and to the advice and services of a competent Company Secretary who is qualified under the Companies Act, 2016. The Board may seek independent professional advice, at the Company's expense, if required in furtherance of their duties.

The Board has full access to both internal and external auditors and received reports on audit findings via the Audit Committee.

Company Secretary

All Directors have access to the advice and services of an experienced Company Secretary especially relating to procedural and regulatory requirements. The Board appointed qualified Company Secretary to support the Board in carrying out its roles and responsibilities and ensuring that Board meeting procedures are followed.

The Company Secretary attends the Board Meetings and Board Committees' meetings to ensure that all deliberation of issues discussed and decisions/conclusions made are recorded accurately, including whether any Director abstained from voting or deliberating on particular matters.

The Company Secretary also facilitates timely communication of decisions made by the Board at Board Meetings to the Senior Management team for action. The Company Secretary also work closely with the Senior Management team to ensure that there are timely and appropriate information flow within and to the Board and Board Committees, and between the Non-Executive Directors and management.

The Board is also regularly updated and kept informed by the Company Secretary and the management on corporate disclosures and compliance with company and securities regulations and listing requirements such as restriction in dealing with the securities of the Company and updates on the latest developments in legislations and regulatory framework affecting the Group issued by the various regulatory authorities.

The Board recognises that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board and that applicable rules and regulations are complied with.

Directors' Training

The Nomination Committee has taken on the responsibility in evaluating and determining the specific and continuous training needs of the Directors on a regular basis. The Directors have attended courses/conferences and/or in house training from time to time to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, Listing Requirements, regulations and business environment in order to discharge their duties more effectively.

All the Directors had completed the Mandatory Accreditation Programme as specified by Bursa Malaysia.

PRINCIPLE 4: FOSTER COMMITMENT (continued)

Directors' Training (continued)

The Directors are mindful that they should continually attend seminars and courses to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements. The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

The Board is also updated by the Company Secretary on the latest update/amendments on the Listing Requirements of Bursa Malaysia and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

The training programmes, seminars and/or conferences attended by the Directors during the financial year are as follows:

Director	Training/Seminars/Conferences
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	▪ The Opportunities of Globalisation and Digital Connectivity Talk ▪ Global Transformation Forum 2017 ▪ In House Sustainability Training By Mr Lee Min On ▪ In House Management Discussion And Analysis Statement Training By Mr Lee Min On
Tan Sri Datuk Chen Lok Loi	▪ Malaysia Lin Chamber of Commerce Engagement Session With Minister of Kementerian Kesejahteraan Bandar, Perumahan Dan Kerajaan Tempatan ▪ The 21st Malaysian Capital Market Summit "Beyond Boundaries, Soaring Higher" Luncheon and Keynote Address organised by Asian Strategy & Leadership Institute ("ASLI") ▪ Urban Public Transportation Summit 2016 : Enhancing Public Transport For Urban Mobility And Accessibility by ASLI ▪ Trends of SCs in Malaysia – The New Dimensions in Transformation and Evolution ▪ CEO Roundtable by Real Estate & Housing Developers' Association Malaysia ("REHDA") Institute ▪ Regional Economic Outlook and Investment Conference organised by REHDA Institute ▪ The EdgeProperty.com Symposium on Property Management ▪ Towards Excellence in Construction – Beyond Accolades organised by Lembaga Pembangunan Industri Pembinaan Malaysia ▪ Modern Construction Technologies organised by REHDA Institute ▪ Rethinking Building Safety for Malls organised by Pertubuhan Arkitek Malaysia ▪ Strata Management Dialogue organised by REHDA Institute ▪ Breathing New Life Into Malls organised by Persatuan Pengurusan Kompleks Malaysia
Datuk Chen Fook Wah	▪ In House Sustainability Training By Mr Lee Min On ▪ In House Management Discussion And Analysis Statement Training By Mr Lee Min On

PRINCIPLE 4: FOSTER COMMITMENT (continued)

Directors' Training (continued)

Director	Training/Seminars/Conferences
Datuk Mohammad Bin Maidon	▪ Related Party Transactions - Their Implication To The Board Of Directors, Audit Committee & Management Conducted By Malaysian Institute Of Corporate Governance ▪ In House Sustainability Training By Mr Lee Min On ▪ In House Management Discussion And Analysis Statement Training By Mr Lee Min On ▪ National Seminar On Malaysia Code On Corporate Governance (New) "An Overview" Conducted By Aram Global Sdn Bhd
En. Mohammed Chudi Bin Haji Ghazali	▪ Related Party Transactions – Their Implication To The Board Of Directors, Audit Committee & Management Conducted By Malaysian Institute Of Corporate Governance ▪ Regulatory Updates On Audit Committees Seminar 2016 Conducted By Federation Of Public Listed Companies Bhd ▪ In House Sustainability Training By Mr Lee Min On ▪ National Seminar On Malaysia Code On Corporate Governance (New) "An Overview" Conducted By Aram Global Sdn Bhd
Haji Mohamed Bin Ismail	▪ Related Party Transactions – Their Implication To The Board Of Directors, Audit Committee & Management Conducted By Malaysian Institute Of Corporate Governance ▪ Regulatory Updates On Audit Committees Seminar 2016 Conducted By Federation Of Public Listed Companies Bhd ▪ In House Sustainability Training By Mr Lee Min On ▪ National Seminar On Malaysia Code On Corporate Governance (New) "An Overview" Conducted By Aram Global Sdn Bhd
En. Jeffrey Bin Bosra	▪ Related Party Transactions - Their Implication To The Board Of Directors, Audit Committee & Management Conducted By Malaysian Institute Of Corporate Governance ▪ In House Sustainability Training By Mr Lee Min On ▪ National Seminar On Malaysia Code On Corporate Governance (New) "An Overview" Conducted By Aram Global Sdn Bhd
Haji Hasan Aziz Bin Mohd Johan	▪ In House Sustainability Training By Mr Lee Min On ▪ In House Management Discussion And Analysis Statement Training By Mr Lee Min On ▪ National Seminar On Malaysia Code On Corporate Governance (New) "An Overview" Conducted By Aram Global Sdn Bhd

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board should ensure financial statements are a reliable source of information.

Financial Reporting

The Board aims to provide and present a balanced, clear and meaningful assessment of the Group's state of affairs in its financial performance and prospects at the end of the financial year, primarily through the annual financial statements, the Management Discussion and Analysis in the Annual Report.

The timely quarterly results announcements also reflect the Board's commitment to give regular updated assessment on the Group's performances.

Directors' Responsibilities Statement

The Board of Directors is required under Paragraph 15.26(a) of the Main Market Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual audited financial statements.

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing those financial statements, the Directors ensure that management have:

- adopted appropriate accounting policies and consistently apply them;
- made judgements and estimates that are reasonable and prudent;
- state whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have taken such steps as are necessary to safeguard the assets of the Group and the Company to prevent fraud and other irregularities.

This statement has been approved by the Board on 28 December 2017.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING (continued)

Relationship With The External Auditor

The Company's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements.

The Board through the Audit Committee maintains a transparent and professional relationship with the external auditors. The external auditors will communicate to the Audit Committee and the Board when they become aware of any significant weaknesses in the Company's system of internal control, including fraud, during the course of their audit that may require the attention of the Audit Committee and the Board. The role of the Audit Committee in relation to the external auditors is set out on pages 61 to 65.

For the financial year under review, the external auditors had attended all the Audit Committee meetings and general meeting of the Company and had five (5) meetings with the Audit Committee without the presence of any Executive Director and management, to discuss the audit findings and any other observations they may have during the audit process.

The external auditors have also confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria as set out by the Malaysian Institute of Accountants ("MIA") By-Laws and have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

The Audit Committee together with the Chief Financial Officer had undertaken an annual assessment of the competency and independence of the external auditors pursuant to the External Auditors Assessment Policy, which has outlined the guidelines and procedures for the assessment on the suitability of the external auditors on 28 December 2017.

The Board, on the recommendation of the Audit Committee, is of the view that the declaration of independence, integrity and objectivity made by the external auditors in their audit report for each financial year under review is sufficient to serve as a written assurance from the external auditors on their independence and integrity throughout the conduct of the audit engagement in accordance with the independence criteria as set out by MIA By-Laws, has recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

The details of the External Auditors Assessment Policy are available for reference at *www.mkhberhad.com*.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

The Board should establish a sound risk management framework and internal controls system.

Risk Management Committee

The Risk Management Committee whose current members comprised of four (4) members from the Senior Management assists the Audit Committee and the Board in discharging its risk management and control responsibilities.

In fulfilling the primary objectives, the Risk Management Committee has been tasked to identify and communicate the existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit Committee on a quarterly basis.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS (continued)

Risk Management Committee (continued)

During the financial year under review, the in-house internal audit team continued to follow-up on those significant or potential risks identified during their course of auditing and the management action plans to mitigate such risks. The key activities carried up by in-house internal audit team are as follows:

(a) conduct audit fieldworks at the business units (i.e. Property Development and Construction division, Plantation division, Trading division) to determine the key risks and stage of implementation by the respective business unit;
(b) prepare internal audit reports for every audit assignment on the internal control issues together with audit recommendations;
(c) perform process improvement audits namely reviewing the Group's Standard Operating Procedures of all business units; and
(d) maintain and improve internal audit methodologies and procedures following the comments made by Audit Committee and Risk Management Committee (where applicable).

The in-house internal audit team will report directly on all the audit findings and the stages of implementation by the respective business unit to the Audit Committee to further strengthen risk management and internal controls.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Companies should establish corporate disclosure policies and procedures to ensure comprehensive, accurate and timely disclosure.

The Board recognises the need for stockholders and the wider investment community to ensure that they are kept informed of all material business matters affecting the Group. This is done through timely dissemination of information on the Group's performance and major developments which are communicated via the following channels:

(a) the Annual Report and relevant circulars despatched to shareholders and published in the Company's website and Bursa Malaysia;
(b) the convening of AGM and/or Extraordinary General Meeting;
(c) the release of various disclosures and announcements including quarterly financial announcements; and
(d) press releases and analysts briefings.

The Company leverages on the use of information technology by maintaining a corporate website at *http://www.mkhberhad.com* for effective dissemination of information which shareholders or other stakeholders can easily access to the latest corporate information of the Group. All information released to Bursa Malaysia is posted on the Investor Relations section of the website at *http://mkh.irplc.com*.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board should facilitate the exercise of ownership rights by shareholders.

The Group's investor relationship is helmed by the Managing Director, Chief Financial Officer, Property Director and Deputy Property Director, who attends to various investors namely funds managers and investment analysts, while the Corporate Communications Department will communicate with members of the media.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (continued)

In addition, the Group has appointed Ms. Kok Siew Yin, the Chief Financial Officer to respond to investor queries and concerns pertaining to financial performance (Tel: +603-8737 8228, Fax: +603-8736 5436, E-mail: ir@mkhberhad.com), whereas Company developments related queries may be referred to the Deputy Property Director, Dato' Chen Way Kian (Tel: +603-8737 8228, Fax: +603-8734 0324, E-mail: ccm@mkhberhad.com).

In addition, stakeholders who wish to reach the respective divisions of the Group may do so through the "Contact Us" page for enquiries and feedback purpose.

The AGM which is held once a year is the principal forum for dialogue with individual shareholders. At the Company's AGM, shareholders have direct access to the Board and are given the opportunity to ask questions during the AGM. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's operations in general. The Chairman of the Board also addresses the shareholders on the review of the Company's operations for the financial year and outlines the prospects of the Company for the new financial year. Additionally, immediately after the AGM, the Board also meets members of the press.

The external auditors of the Company are invited to attend the AGM to answer any questions relating to the conduct of the audit and contents of the Auditor's Report.

During the financial year under review, the Audit Committee had carried out its duties and responsibilities namely held discussion with external auditors, in-house internal auditors, risk management committee and relevant members of management in accordance with its terms of reference. The Audit Committee is of the view that no material misstatement, contingencies or uncertainties and significant deficiencies in internal control have arisen, based on the reviews made and discussion held.

Composition And Meetings

The Audit Committee is appointed by the Board of Directors from amongst Non-Executive Directors and comprise of three (3) members, all of whom are Independent Non-Executive Directors.

The Chairman of the Audit Committee, En. Jeffrey Bin Bosra is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA"). The other members of the Audit Committee are En. Mohammed Chudi Bin Haji Ghazali and Haji Mohamed Bin Ismail.

The Audit Committee meetings were structured through the use of agendas and relevant board papers which were distributed to the Audit Committee prior to such meetings. During the financial year, five (5) meetings were held with the attendance of the Chief Financial Officer, Group Accountant, Partners and/or Senior Managers from the external auditors and in-house internal audit team also attended the meetings upon invitation where matters relating to the external and internal audit were discussed. The Audit Committee also met with the external auditors without the presence of management during each of the Audit Committee meeting. The Chairman of the Audit Committee will report and highlights key issues discussed at each Audit Committee meeting to the Board accordingly.

Details of the Audit Committee members' attendance are appended below:

Name of Directors	Directorship	No. of Meetings Attended
En. Jeffrey Bin Bosra (Chairman)	Independent Non-Executive Director	4/5
En. Mohammed Chudi Bin Haji Ghazali (Member)	Senior Independent Non-Executive Director	5/5
Haji Mohamed Bin Ismail (Member)	Independent Non-Executive Director	5/5

For the financial year under review, the performance and effectiveness of the Audit Committee has been evaluated through Audit Committee members' self and peer evaluation conducted by the Audit Committee and endorsed by the Nomination Committee. Having reviewed the Audit Committee's performance, the Board is satisfied that the Audit Committee members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee.

The details of the terms of reference of the Audit Committee are available for reference at *www.mkhberhad.com*.

Summary Of Work Of The Audit Committee

During the financial year ended 30 September 2017, the Audit Committee had worked closely with the external auditors, in-house internal audit team and management to carry out its functions and duties in line with the terms of reference.

The summary of the work of the Audit Committee in discharging its duties during the financial year under review includes the following:-

(a) Financial Reporting

- Reviewed all the four (4) quarter's unaudited financial results of the Group focusing on key material matters and to ensure the disclosures are in compliance with the Malaysian Financial Reporting Standard 134 - Interim Financial Reporting and applicable disclosure provisions in the Listing Requirements before recommending to the Board of Directors for approval to release the quarterly financial results to Bursa Securities and Securities Commission accordingly.
- Reviewed the audited financial statements of the Company and the Group for the financial year ended 30 September 2017 together with the external auditors prior to tabling the audited financial statements to the Board for approval.
- Reviewed the impacts of any changes in accounting policies and adoption of new accounting standards together with significant matters highlighted in the financial statements.
- Confirmed with management and external auditors that the Company's and Group's annual audited financial statements have been prepared in compliance with applicable approved accounting and financial reporting standards.

(b) External Audit

- Reviewed and approved the external auditors annual audit planning memorandum of the Group for the financial year ended 30 September 2017, external auditor's fees, audit strategy and scope of work for the year in connection with their audit.
- Reviewed the findings of the external auditors reports particularly on key audit matter and areas of concern highlighted in the progress report, including management's response to the concerns raised by the external auditors.
- Held private sessions with the external auditors without the presence of Executive Directors and management, to discuss the audit findings and any other observations they may have during the audit process. There were no major concerns/ issues raised by the external auditors at the meetings.
- Discussed with external auditors on significant accounting and auditing updates arising from new or proposed changes in accounting standard and regulatory requirements in relation to the financial statements.
- Evaluated the performance and assessed the independence and objectivity of the external auditors in providing their services and made recommendations to the Board on their re-appointment and remuneration.

(c) Internal Audit

- Reviewed and approved the scope of annual audit plan for financial year 2017 proposed by the in-house internal audit team to ensure the adequacy of the scope and coverage of work on the Group's activities.
- Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's responses. Discussed with management on actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- Reviewed and approved the follow-up reports on the status of implementation of those control weaknesses as highlighted by in-house internal audit team; and
- Reported to the Board on significant audit issues and concerns discussed during the Audit Committee meetings which may have significant impact on the Group from time to time, for consideration and deliberation by the Board.

Summary Of Work Of The Audit Committee (continued)

(d) Risk Management Committee

- Reviewed the Risk Management Committee's reports regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and management's views/ responses on the acceptable and appropriate level of risks faced by Group's business unit as well as the proposed recommendations for improvements to be implemented.

(e) Related Party Transactions

- Reviewed on a quarterly basis if there is any related party transaction(s) entered into by the Group and any conflict of interest situation that may arise within the Group, which are required to be transacted at an arm's length basis and not detrimental to the interest of the minority shareholders.
- Reviewed the annual confirmation from the Board and Audit Committee on related party transaction(s) entered into (if any) for the financial year under review.

(f) Annual Reporting

- Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control and Statement on Corporate Governance to ensure compliance with relevant regulatory reporting requirements prior to recommend the same to the Board for approval.

The Audit Committee having reviewed the extent of assistance rendered by management in the course of the audit and based on feedback from the external auditors was satisfied that management had co-operated fully and the external auditors were able to obtain information requested to carry out their work. Based on the review carried out and the report from the external auditors, the Audit Committee recommended the audited financial statements for the financial year ended 30 September 2017 to the Board of Directors for approval on 28 December 2017.

The Audit Committee was satisfied with the conduct of external auditors professional work and the timeliness of completion of their works to meet reporting deadline. Accordingly, the Audit Committee recommended the re-appointment of the external auditors, Deloitte PLT at the forthcoming Annual General Meeting.

Training

During the year, all the Audit Committee have attended various seminars, training programmes and conferences. The list of trainings attended is disclosed on the Statement on Corporate Governance at page 56 of the Annual Report.

The Internal Audit Function And Its Role

The objective of the internal audit function is to assist the Audit Committee in assessing the adequacy, effectiveness and integrity of the Group's system of risk management and internal controls. The Company has set-up an in-house Internal Audit Department ("IAD") effective 1 October 2016. The IAD is headed by Mr Saravanan Many, the Senior Manager who is an Associate Member of the Institute of Internal Auditors Malaysia ("IIA Malaysia") to carry out the internal audit function of the Group and reporting directly to the Audit Committee on its activities based on the approved Annual Internal Audit Plan. The IAD adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established internal auditing guidelines to enhance its competency and proficiency.

The Internal Audit Function And Its Role (continued)

The principal role of the internal audit function is to undertake, on a prioritised approach, an independent and systematic assessment of the Group's system of risk management and internal controls as established by management in addressing the principal business risks faced by the Group. In conducting internal audit of the Group, the internal audit function deployed professional standards promulgated by the IIA Malaysia. During the financial year under review, weaknesses noted in the said system and areas that required improvement, including the recommendations thereof and action plans agreed to be deployed by management to address the issues raised, were highlighted by the internal audit function by way of internal audit reports issued to the Audit Committee.

(a) Internal Audit Work Carried Out During The Financial Year Under Review

The internal audit function conducted its work based on an annual internal audit plan which was tabled before, and approved by, the Audit Committee. The main activities of work carried out by the internal audit function are set out below:

(i) Conduct Of internal Audit

The internal audit function adopted a risk-based approach in identifying specific areas and processes to be covered. During the financial year under review, the internal audit function focused on selected key processes of the Group's as follows:-

Entity	Key Processes
PT Maju Kalimantan Hadapan	• Estates – harvesting practices, field practices, store management, employment & checkroll, fixed asset management and expenses management • Main office - purchasing and human resources management • Mill - production, store management, oil losses analysis, crude palm oil & palm kernel dispatch, and jetty management
PT Sawit Prima Sakti	• Estates – harvesting practices, field practices, store management, employment & checkroll, fixed asset management and expenses management
Aliran Perkasa Sdn Bhd Kajang Resources Corporation Sdn Bhd Hillpark Resources Sdn Bhd Srijang Kemajuan Sdn Bhd	• Project management • Quality • Revenue management
Head Office (Sales & Marketing)	• Sales commission improvement • Buyer get buyer scheme • Introducer scheme
MKH Building Materials Sdn Bhd	• Procurement • Sales & receivables
Maha Usaha Sdn Bhd - Plaza Metro Kajang	• Revenue management • Expenses management • Business licenses review
Srijang Indah Sdn Bhd - Metro Point Complex	• Revenue management • Expenses management • Business licenses review

The Internal Audit Function And Its Role (continued)

(a) Internal Audit Work Carried Out During The Financial Year Under Review (continued)

(i) Conduct Of internal Audit (continued)

Based on the internal audit reviews carried out, the findings of the internal audit, including the recommendations to address areas of control deficiencies as well as opportunities for improvements, were discussed with Senior Management and subsequently presented to the Audit Committee.

(ii) Follow-Up On Internal Audit

During the financial year under review, the internal audit function also performed a follow-up to assess the status of management-agreed action plans on recommendations raised in preceding cycles of internal audit. The outcome thereof was summarised in a follow-up report to the Audit Committee, highlighting those issues that had yet to be fully addressed by management, including specific timelines for those outstanding matters to be resolved.

Whilst reports issued by the internal audit function for the financial year under review were tabled at Audit Committee meetings, management was present at such meetings to provide pertinent clarification or additional information to address questions raised by Audit Committee members pertaining to matters raised by the internal audit function.

(b) Cost Of Internal Audit

The cost of the internal audit function for the financial year under review amounted to approximately RM338,269 (2016: RM236,090).

STATEMENT ON RISK MANAGEMENT AND **INTERNAL CONTROL**

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the Principles and Recommendations for the Board of a company listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") to establish a sound risk management framework and internal controls system to safeguard shareholders' investment and the Group's assets. The Board is committed to establish a sound framework to manage risks and is pleased to provide the following statement in accordance with paragraph 15.26(b) of Bursa Securities Listing Requirements and guided by the *"Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers".*

Board's Responsibilities

The Board acknowledges its responsibilities for establishing a sound risk management framework and internal control system to manage risks in accordance with Principle 6 of the Code to safeguard the interest of shareholders, customers, employees and the Group's assets. The Board's responsibilities include:-

(a) determine the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets;

(b) committed to articulating, implementing and reviewing the Group's internal controls system for risk management; and

(c) periodic review and/or conduct of the effectiveness and adequacy of the internal controls procedures and processes to ensure that the system is viable and robust.

However, due to the limitations inherent in any internal control system, it should be noted that such system is designed to manage rather than to eliminate the risk of failure to achieve the Group's business objectives. Therefore, the system can only provide a reasonable and not absolute assurance against material misstatement or loss. The internal control system or framework of the Group covers, inter-alia, risk management, financial, operational and compliance controls. This process has been in place for the year under review and up to the date of approval of this statement for inclusion in the Annual Report.

Accompanying the maintenance of an appropriate internal control system, is an on-going process to identify, evaluate, monitor and manage principal risks faced by the Group and this process is reviewed quarterly by the Board. The Group identified major risk areas of concern which included demand for properties, fluctuating commodity prices, foreign exchange rates fluctuation and change in regulatory environments.

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review.

Risk Management And Internal Control Processes

The Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

- The Executive Committee, comprising Executive Directors and assisted by certain key management staff was established to review the operations of the Group's operating divisions, the monthly financial information which includes actual results compare against budget as approved by the Board, explanation on significant variances and management actions taken, where necessary. Further details of the Executive Committee are set out in the Statement on Corporate Governance.

- The Audit Committee with the assistance of the in-house Internal Audit team and Risk Management Committee ("RMC"), reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. Further details are set out in the Audit Committee Report and Statement on Corporate Governance.

Risk Management And Internal Control Processes (continued)

- The RMC was established to review and monitor Group's risk management framework and activities. The RMC includes the Chief Financial Officer, the Chief Treasury Officer and the head of the key business unit. The RMC reports to the Audit Committee on a quarterly basis where key risks and mitigating action are discussed and implemented.

- The head of business unit to follow-up on those potential risks identified and the management action plans to mitigate such risks based on the findings from Internal Audit Reports prepared by our in-house Internal Audit team and approved by the Audit Committee. Any significant findings of non-compliance or implementation by respective business units will be reported to the Audit Committee during quarterly meeting.

Risk Management Framework

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives within defined risk parameters in a timely and effective manner. The Group is exposed to operational risks and various financial risks as follows:-

(a) Operational Risks

Operational risks arise from the execution of the Group core businesses (i.e. property development and construction, plantation, investment property and hotel and trading) and competencies of the management in managing the risks relating to health and safety, quality, inadequate skilled workforce and adverse climatic conditions. The management is guided by approved standard operating procedures and quality controls to ensure that all business units are functional.

The Group continue to offer competitive compensation that is benchmarked against the best performing companies in the same industry, and rewards framework that is closely linked to employees' performance to attract and retain a skilled workforce to meet existing and future needs. The plantation division emphasise on good agricultural practices to ensure high production yields of fresh fruit bunches.

(b) Financial Risks

(a) Credit and liquidity risks arise from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flow and funding. In order to minimise such exposures, tightening of credit control, close monitoring of collections and overdue debts were carried out.

(b) Interest rate risk arise mainly from the Group's borrowings in the form of term loan, overdraft and revolving credit facilities to meet capital expenditures and working capital requirements.

(c) Commodity risk arises from the volatility of commodity prices such as crude palm oil ("CPO") and palm kernel which are affected by factors such as weather, government policies, supply and demand, and competition from substitution products as well as currency fluctuation.

Risk Management Framework (continued)

(b) Financial Risks (continued)

(d) Foreign exchange risk arises from movements in foreign currency exchange rates. The Group's reporting currency is Malaysian Ringgit ("RM"). The majority of the Group's plantation division borrowing is denominated in United States Dollar ("USD") and RM, while the majority of the Group's expenses is denominated in Indonesian Rupiah ("IDR") and sales of CPO and palm kernel is denominated in IDR.

As the CPO is an internationally traded commodity mainly in USD, there is a natural hedge as the selling price of the CPO in IDR has a positive correlation with the strengthening of the USD currency. In addition, the Group constantly monitors and compare the selling price of CPO in the local Indonesian market (in Rupiah) and the Malaysia Derivatives Exchange (in RM) and the foreign exchange rate to ensure that the Group is selling the CPO at the best possible price.

The Board with the assistance of the Audit Committee, the Risk Management Committee and in-house Internal Audit team have continuously review existing risks and identify new risks that the Group faces and management action plans to manage the risks.

To further enhance the risk management process within the culture of the Group, review of existing risks and identification of new risks is also conducted annually with involvement of selected management staff. In additions, nominated key management personnel in each business unit have prepared action plans to address key risks and control issues highlighted by the in-house Internal Audit team.

During the financial year ended 30 September 2017, the Risk Management Committee has:

(a) reviewed management action plans presented by the nominated key management of certain business units of the Group;

(b) reviewed the Group's quarterly financial and non-financial performances measured against the approved budget with major variances being reviewed and management actions taken as necessary;

(c) reported its findings on major issues relating to risks and risk management to the Audit Committee on quarterly basis which then reports to the Board;

(d) reviewed new property development projects and business investment in the subsidiaries;

(e) reviewed quarterly the property development outlook with appropriate product differentiation and pricing to suit the market demand; and

(f) monitored financial performances and the progress of corrective actions/implementation for highlighted issues.

Internal Audit Function

During the financial year, the Audit Committee worked closely with the in-house Internal Audit team, distinct from the external auditors, to provide independent internal audit services to the Group, who reports independently to the Audit Committee. The internal audit function provides the Audit Committee with quarterly reports, based on the audits conducted, highlighting observations, recommendations and management action plans to improve the internal control system and contribute towards improving the Group's risk management.

The key role of the internal audit function is to assess management's adherence to establish policies and procedures as well as to act as an independent sounding board to the Audit Committee concerning areas of weaknesses or deficiencies in the risk management, governance and control processes for appropriate remedial measures to be carried out by the management.

Review By The External Auditors

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with Malaysian Approved Standard on Assurance Engagements, International Standard on Assurance Engagements, ISAE 3000, *Assurance Engagements other than Audits* or *Reviews of Historical Financial Information* and Recommended Practice Guide ("RPG") 5, *Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control included in the Annual Report.*

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Controls: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. RPG 5 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and control system including the assessment and opinion by the Board and management thereon. The external auditors are not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

Management Assurance

In accordance with the requirements of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers,* the Managing Director and the Chief Financial Officer have given reasonable assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

Board's Conclusion

The Board is of the view that an appropriate risk management and internal control system, procedures and processes in operation during the year in review was reasonably adequate and effective to safeguard the assets of the Group and interest of shareholders. For the financial year under review, no significant control failures or weaknesses that result in material losses and require disclosure in the Group's Annual Report were identified.

This Statement has been approved by the Board on 28 December 2017.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Part A of Appendix 9C of the Listing Requirements, the following are additional information in respect of the financial year ended 30 September 2017 to be disclosed in this Annual Report:-

1. Utilisation Of Proceeds Raised From Corporate Proposals

On 1 June 2017, the Company has completed the renounceable rights issue of 42,625,187 new ordinary shares on the basis of one (1) rights share for every ten (10) existing MKH Berhad shares held and bonus issue of 85,250,374 new ordinary shares on the basis of two (2) bonus shares for every one (1) rights share subscribed for at an issue price of RM 1.89 for each rights share.

The utilisation of rights issue proceeds as at 30 September 2017 are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended timeframe for utilisation from completion date
Infrastructure and property development	37,190	5,793	31,397	Within 12 months #
Payment of landowners' entitlements	20,000	20,000	-	Completed
Construction of KTM Komuter station	21,400	941	20,459	Within 12 months #
Working capital	372	372	-	Completed
Estimated expenses for the rights with bonus issue	1,600	1,600	-	Completed
Total	**80,562**	**28,706**	**51,856**	

Construction works in progress

2. Audit And Non-Audit Fees

The amount of audit fees and non-audit fees paid by the Company and its subsidiaries to the external auditors for the financial year ended 30 September 2017 are as follows:-

	Group (RM)	Company (RM)
Audit Fees	527,426	50,000
Non-audit Fees	124,000	105,000
Total	**651,426**	**155,000**

2. Audit And Non-Audit Fees (continued)

The non-audit fees was payment towards reviewing the statement on risk management and internal control, supplementary information on the disclosure of realised and unrealised profit or loss, accountant report for rights with bonus issue and prospectus for recreational club.

3. Material Contracts Involving Directors And Major Shareholders' Interest

Save as disclosed below, there are no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year:-

a) Underwriting Agreement dated 17 April 2017 entered into between our Company and the Joint Underwriters (namely AmInvestment Bank Berhad, Kenanga Investment Bank Berhad, Affin Hwang Investment Bank Berhad, Hong Leong Investment Bank Berhad and RHB Investment Bank Berhad) in relation to the rights with bonus issue for the underwriting of up to 24.70 million rights shares at an underwriting commission of 1.25% of the value of the underwritten shares at the rights issue price.

4. Sanctions And/Or Penalties

There were no material publics sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing management services.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiaries are as disclosed in Note 15 to the Financial Statements.

RESULTS

	The Group RM	The Company RM
Profit for the financial year	124,843,258	47,406,398
Profit attributable to:		
Owners of the parent	128,206,980	47,406,398
Non-controlling interest	(3,363,722)	-
	124,843,258	47,406,398

DIVIDEND

Since the end of the previous financial year, a first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2016 amounting to RM29,362,829 was declared on 25 November 2016 and paid on 30 December 2016 as reported in the directors' report of that year.

A first interim single tier dividend of 5.0 sen per ordinary share in respect of financial year ended 30 September 2017 amounting to RM29,284,585 was declared on 28 November 2017 and to be paid on 11 January 2018. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2018.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2017.

ISSUES OF SHARES

During the financial year, the following issues of shares was made by the Company:

Class	Number	Term of Issue	Purpose of Issue
Ordinary share	42,625,187	Cash	Rights issue of 1 new ordinary share for every 10 existing ordinary shares at an issue price of RM1.89 per rights share
Ordinary share	85,250,374	Non-cash	Bonus issue of 2 new ordinary shares for every 1 rights share subscribed
Ordinary share	15,582,377	Exercise of warrants	Exercise of warrants by warrant holders

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

Other than as stated above, there were no other changes in issued and paid-up capital of the Company during the financial year.

WARRANTS

On 31 December 2012, the Company allotted and issued 29,104,378 free warrants constituted under the deed poll dated 23 November 2012.

The salient features of the warrants are as follows:

(i) entitles its registered holders to subscribe for one (1) new ordinary share at the exercise price during the exercise period;

(ii) the exercise price is RM2.26 per share subject to adjustments in accordance with the provisions of the deed poll executed; and

(iii) the warrants may be exercised at any time for a period of five years from 31 December 2012 to 30 December 2017 ("exercise period"). Warrants that are not exercised during the exercise period will thereafter lapse and become void.

The exercise price was adjusted to RM1.89 and RM1.55 per share pursuant to the bonus issue on 20 May 2014 and rights with bonus issue on 1 June 2017 respectively.

WARRANTS (continued)

The movement in the Company's warrants to subscribe for new ordinary shares during the financial year is as follows:

	Number of warrants			
	At 1 October 2016	Adjustment for rights with bonus issue	Exercised	At 30 September 2017
Number of warrants	34,583,440	6,094,716	(15,582,377)	25,095,779

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong
Tan Sri Datuk Chen Lok Loi
Datuk Chen Fook Wah
Datuk Mohammad bin Maidon
Mohammed Chudi bin Haji Ghazali
Mohamed bin Ismail
Jeffrey bin Bosra
Hasan Aziz bin Mohd Johan

DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares and warrants of the Company and of its related corporations of those who were directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

(a) **Shareholdings in the Company**

		Number of ordinary shares					
		At 1 October 2016	Bought/ Sold	Exercised of Warrants	Transferred In/Out	Rights Issue and Bonus Issue	At 30 September 2017
Direct interest:							
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong		1,755,910	867,300	-	(1,500,000)	363,870	1,487,080
Tan Sri Datuk Chen Lok Loi		7,564,704	-	-	-	2,269,410	9,834,114
Datuk Chen Fook Wah		626,300	(658,000)	106,700	-	189,900	264,900
Mohammed Chudi bin Haji Ghazali		50,294	-	1,524	-	15,543	67,361
Mohamed bin Ismail		5,000	-	-	-	1,500	6,500
Deemed interest:							
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	^	183,402,150	-	6,000,000	1,500,000	56,075,424	246,977,574
Tan Sri Datuk Chen Lok Loi	#	176,905,242	846,400	6,000,000	-	53,621,460	237,373,102
Datuk Chen Fook Wah	*	173,719,402	-	6,000,000	-	52,494,468	232,213,870

DIRECTORS' INTERESTS (continued)

(b) Warrant holdings in the Company

		Number of warrants				
		At 1 October 2016	Bought/ Sold	Exercised of Warrants	Adjusted for Rights Issue and Bonus Issue	At 30 September 2017
Direct interest:						
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong		635,491	(635,491)	-	-	-
Tan Sri Datuk Chen Lok Loi		630,391	-	-	138,339	768,730
Datuk Chen Fook Wah		116,000	92,500	(106,700)	25,411	127,211
Mohammed Chudi bin Haji Ghazali		1,524	-	(1,524)	-	-
Deemed interest:						
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	^	8,333,926	(290,644)	(6,000,000)	1,765,102	3,808,384
Tan Sri Datuk Chen Lok Loi	#	8,281,302	130,000	(6,000,000)	1,845,864	4,257,166
Datuk Chen Fook Wah	*	8,043,282	-	(6,000,000)	1,765,102	3,808,384

^ Deemed interest through shares held in Chen Choy & Sons Realty Sdn. Bhd. ("CCSR"), Lotus Way Sdn. Bhd. and a nominee company.
# Deemed interest through shares held in CCSR and a nominee company.
* Deemed interest through shares held in CCSR.

(c) Shareholdings in subsidiary - Srijang Kemajuan Sdn. Bhd.

	Number of ordinary shares			
	At 1 October 2016	Bought	Sold	At 30 September 2017
Direct interest:				
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1	-	-	1

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any benefits which may be deemed to have arisen from transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements.

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

RESERVES AND PROVISIONS

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before financial statements of the Group and of the Company were prepared, 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 allowance for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

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

At the date of this report, the directors are not aware of any circumstances:

(i) which would require the writing off of bad debts or render amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

(iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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 liability 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.

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

In the opinion of the directors:

(i) 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; and

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance coverage for the Directors and Officers of the Company. The amount of insurance premium paid during the year amounted to RM28,500.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant event subsequent to the financial year end are disclosed in Note 37 to the financial statements.

AUDITORS

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

AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the financial year ended 30 September 2017 is as disclosed in Note 6 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 December 2017

TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG

TAN SRI DATUK CHEN LOK LOI

STATEMENT BY **DIRECTORS**

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

We, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Tan Sri Datuk Chen Lok Loi, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 86 to 204, are drawn up in accordance with 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 30 September 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 205, which is not part of the financial statements, is prepared in all material respects, in accordance with the Guidance on Special Matter No. 1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 December 2017.

TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG

TAN SRI DATUK CHEN LOK LOI

STATUTORY **DECLARATION**

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

I, Kok Siew Yin, being the person primarily responsible for the financial management of **MKH BERHAD**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 86 to 204 and the supplementary information set out on page 205, in my opinion, are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named at
Kajang in the State of Selangor
on 28 December 2017

KOK SIEW YIN

Before me

SUBRAMANIAM A/L THIRUPATHY (B-514)
Commissioner for Oaths

To the Members of MKH Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MKH BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 30 September 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 86 to 204.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 30 September 2017, and of their financial performance and their cash flows for the year then ended in accordance with the 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 described further in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matter	*How the matter was addressed in the audit*
Revenue from property development activities The Group recognises property development revenue by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion of development costs incurred for work performed to-date compared to the estimated total property development costs. Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits/(loss) recognised. Refer to "Significant accounting estimates and judgements" in Note 2(c)(i).	Our audit procedures included, among others: • Obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition for property development activities and performed procedures to evaluate the design and implementation and operating effectiveness of such controls. • Performed site visits for individually significant projects to arrive at an overall assessment as to whether information provided by management is reasonable. • Reviewed management prepared budgets for property development projects and ensured that budgets are appropriate and reflected cost incurred and cost to complete, current cost of operations and computation of profit recognition to determine the need for or adequacy of management provision for foreseeable loss, if any. • Verified the gross development value by reviewing the sale and purchase agreement entered into between the purchasers and the Group. • Checked the mathematical accuracy of the revenue and profit based on percentage of completion calculations and considered the implications of any changes in estimate.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report of the Group but does not include the financial statements of the Group and of the Company and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Analysis of Shareholdings and Directors' Shareholdings, which are expected to be made available to us after that date.

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

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

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

When we read the Analysis of Shareholdings and Directors' Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request management to correct the other information accordingly.

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 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 Reporting Responsibilities

The supplementary information set out on page 205 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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 contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

TEO SWEE CHUA
Partner - 2846/01/18 (J)
Chartered Accountant

28 December 2017

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the Financial Year ended 30 September 2017

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Revenue	4	1,068,833,502	1,265,872,402	44,370,000	65,644,900
Cost of sales	5	(683,913,128)	(842,603,901)	-	-
Gross profit		384,920,374	423,268,501	44,370,000	65,644,900
Other income		16,762,050	83,031,454	15,037,039	11,326,287
Sales and marketing expenses		(40,779,814)	(46,577,813)	-	-
Administrative expenses		(88,720,448)	(83,456,683)	(3,498,089)	(3,008,316)
Other expenses		(28,819,171)	(18,585,261)	(586,060)	(490,664)
Profit from operations		243,362,991	357,680,198	55,322,890	73,472,207
Finance costs		(47,564,546)	(52,192,866)	(4,656,946)	(3,268,766)
Share of results of associates		(2,206,144)	(818,527)	-	-
Profit before tax	6	193,592,301	304,668,805	50,665,944	70,203,441
Tax expense	8	(68,749,043)	(90,490,766)	(3,259,546)	(3,239,798)
Profit for the financial year		124,843,258	214,178,039	47,406,398	66,963,643
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement losses on defined benefit plans		(848,285)	(1,028,501)	-	-
Income tax relating to components of other comprehensive income/(loss)	8	212,071	(356,408)	-	-
		(636,214)	(1,384,909)	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		(3,004,310)	(2,844,144)	-	-
Total comprehensive income for the financial year		121,202,734	209,948,986	47,406,398	66,963,643
Profit attributable to:					
Owners of the parent		128,206,980	205,041,491	47,406,398	66,963,643
Non-controlling interests		(3,363,722)	9,136,548	-	-
		124,843,258	214,178,039	47,406,398	66,963,643

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year ended 30 September 2017

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Total comprehensive income attributable to:					
Owners of the parent		124,741,992	200,919,291	47,406,398	66,963,643
Non-controlling interests		(3,539,258)	9,029,695	-	-
		121,202,734	209,948,986	47,406,398	66,963,643
Basic earnings per share (sen)	9	24.18	40.01		
Diluted earnings per share (sen)	9	23.72	39.37		

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

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2017

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	210,046,563	217,163,540	1,218,418	1,237,992
Intangible assets	11	22,014,685	14,636,406	-	-
Biological assets	12	284,975,508	304,826,120	-	-
Prepaid lease payments	13	45,724,238	47,256,429	-	-
Investment properties	14	318,937,000	308,457,000	-	-
Investment in subsidiaries	15	-	-	713,212,031	681,544,194
Investment in associates	16	13,889,807	14,135,951	-	-
Land held for property development	17	915,911,610	1,062,539,538	-	-
Deferred tax assets	18	33,933,101	29,357,648	-	-
Tax recoverable		1,282,296	-	-	-
Receivables, deposits and prepayments	19	30,944,123	13,198,421	296,512,339	209,936,101
Total Non-Current Assets		1,877,658,931	2,011,571,053	1,010,942,788	892,718,287
Current Assets					
Property development costs	20	474,969,277	384,998,809	-	-
Inventories	21	153,184,911	94,110,942	-	-
Accrued billings in respect of property development		152,556,850	216,392,318	-	-
Receivables, deposits and prepayments	19	266,765,819	226,134,675	4,378,683	3,028,784
Current tax assets		12,214,337	7,638,942	-	-
Cash, bank balances, term deposits and fixed income funds	22	264,609,775	305,087,150	12,145,700	267,497
		1,324,300,969	1,234,362,836	16,524,383	3,296,281
Non-current assets classified as held for sale	23	22,549,538	7,481,690	-	-
Total Current Assets		1,346,850,507	1,241,844,526	16,524,383	3,296,281
Total Assets		3,224,509,438	3,253,415,579	1,027,467,171	896,014,568
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	24	613,315,284	419,443,984	613,315,284	419,443,984
Reserves	25	863,679,274	856,841,092	350,922,431	421,425,677
Equity attributable to owners of the parent		1,476,994,558	1,276,285,076	964,237,715	840,869,661
Non-controlling interests	15	30,826,160	34,370,762	-	-
Total Equity		1,507,820,718	1,310,655,838	964,237,715	840,869,661

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Non-Current Liabilities					
Deferred tax liabilities	18	59,037,723	64,545,058	64,326	62,926
Provisions	26	11,453,546	10,352,428	-	-
Payables and accruals	27	346,511,714	451,619,197	-	-
Loans and borrowings	28	444,139,353	597,092,619	-	-
Total Non-Current Liabilities		861,142,336	1,123,609,302	64,326	62,926
Current Liabilities					
Provisions	26	20,183,386	19,595,520	-	-
Progress billings in respect of property development		870,000	6,538,514	-	-
Payables and accruals	27	497,500,699	526,288,941	1,344,734	715,364
Loans and borrowings	28	328,377,464	241,670,175	60,500,000	53,700,721
Current tax liabilities		8,614,835	25,057,289	1,320,396	665,896
Total Current Liabilities		855,546,384	819,150,439	63,165,130	55,081,981
Total Liabilities		1,716,688,720	1,942,759,741	63,229,456	55,144,907
Total Equity and Liabilities		3,224,509,438	3,253,415,579	1,027,467,171	896,014,568
Net assets per share (RM)	9	2.62	2.53		

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the Financial Year ended 30 September 2017

		← Non-distributable			→	Distributable			
	Note	**Share capital RM**	**Share premium RM**	**Warrant reserve RM**	**Translation reserve RM**	**Revaluation reserve RM**	**Retained earnings RM**	**Attributable to owners of the parent RM**	**Non - controlling interests RM**	**Total equity RM**
At 1 October 2016		419,443,984	57,081	8,000,533	(560,874)	23,533,537	825,810,815	1,276,285,076	34,370,762	1,310,655,838
Comprehensive income										
Profit for the financial year		-	-	-	-	-	128,206,980	128,206,980	(3,363,722)	124,843,258
Other comprehensive income										
Foreign currency translation differences		-	-	-	(2,867,744)	-	-	(2,867,744)	(136,566)	(3,004,310)
Remeasurement lossess on defined benefit plans - net of tax		-	-	-	-	-	(597,244)	(597,244)	(38,970)	(636,214)
Total comprehensive income		-	-	-	(2,867,744)	-	127,609,736	124,741,992	(3,539,258)	121,202,734
Transactions with owners										
Issuance of shares pursuant to:										
- rights issue		80,561,603	-	-	-	-	-	80,561,603	-	80,561,603
- bonus issue		85,250,374	-	-	-	-	(85,250,374)	-	-	-
- warrants		28,978,631	728,098	(3,239,360)	-	-	-	26,467,369	-	26,467,369
Share issue expenses		(1,704,487)	-	-	-	-	-	(1,704,487)	-	(1,704,487)
Issuance of shares by subsidiaries to non- controlling shareholder		-	-	-	-	-	-	-	490	490
Changes of ownership interest in a subsidiary		-	-	-	-	-	5,834	5,834	(5,834)	-
Dividend	29	-	-	-	-	-	(29,362,829)	(29,362,829)	-	(29,362,829)
Total transactions with owners		193,086,121	728,098	(3,239,360)	-	-	(114,607,369)	75,967,490	(5,344)	75,962,146
Reclassification pursuant to Section 618 (2) of the Companies Act 2016		785,179	(785,179)	-	-	-	-	-	-	-
At 30 September 2017		613,315,284	-	4,761,173	(3,428,618)	23,533,537	838,813,182	1,476,994,558	30,826,160	1,507,820,718

	Note	Share capital RM	Share premium RM	Warrant reserve RM	Translation reserve RM	Revaluation reserve RM	Distributable Retained earnings RM	Attributable to owners of the parent RM	Non - controlling interests RM	Total equity RM
		← Non-distributable				→				
At 1 October 2015		419,407,284	15,929	8,009,022	2,239,435	23,533,537	651,447,825	1,104,653,032	21,879,267	1,126,532,299
Comprehensive income										
Profit for the financial year		-	-	-	-	-	205,041,491	205,041,491	9,136,548	214,178,039
Other comprehensive income										
Foreign currency translation differences		-	-	-	(2,800,309)	-	-	(2,800,309)	(43,835)	(2,844,144)
Remeasurement losses on defined benefit plans - net of tax		-	-	-	-	-	(1,321,891)	(1,321,891)	(63,018)	(1,384,909)
Total comprehensive income		-	-	-	(2,800,309)	-	203,719,600	200,919,291	9,029,695	209,948,986
Transactions with owners										
Issuance of shares pursuant to warrants		36,700	41,152	(8,489)	-	-	-	69,363	-	69,363
Issuance of shares by subsidiaries to non- controlling shareholder		-	-	-	-	-	-	-	481,990	481,990
Non-controlling interests in respect of subsidiaries acquired		-	-	-	-	-	-	-	6,982,970	6,982,970
Changes of ownership interest in a subsidiary		-	-	-	-	-	3,160	3,160	(3,160)	-
Dividend paid to non- controlling shareholder		-	-	-	-	-	-	-	(4,000,000)	(4,000,000)
Dividend	29	-	-	-	-	-	(29,359,770)	(29,359,770)	-	(29,359,770)
Total transactions with owners		36,700	41,152	(8,489)	-	-	(29,356,610)	(29,287,247)	3,461,800	(25,825,447)
At 30 September 2016		419,443,984	57,081	8,000,533	(560,874)	23,533,537	825,810,815	1,276,285,076	34,370,762	1,310,655,838

STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 30 September 2017

	Note	← Non-distributable			→	Distributable	
		Share capital RM	Share premium RM	Warrant reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
At 1 October 2016		419,443,984	57,081	8,000,533	646,907	412,721,156	840,869,661
Comprehensive income							
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	47,406,398	47,406,398
Transactions with owners							
Issuance of shares pursuant to:							
- rights issue		80,561,603	-	-	-	-	80,561,603
- bonus issue		85,250,374	-	-	-	(85,250,374)	-
- warrants		28,978,631	728,098	(3,239,360)	-	-	26,467,369
Share issue expenses		(1,704,487)	-	-	-	-	(1,704,487)
Dividend	29	-	-	-	-	(29,362,829)	(29,362,829)
Total transactions with owners		193,086,121	728,098	(3,239,360)	-	(114,613,203)	75,961,656
Reclassification pursuant to Section 618 (2) of the Companies Act 2016		785,179	(785,179)	-	-	-	-
At 30 September 2017		613,315,284	-	4,761,173	646,907	345,514,351	964,237,715
At 1 October 2015		419,407,284	15,929	8,009,022	646,907	375,117,283	803,196,425
Comprehensive income							
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	66,963,643	66,963,643
Transactions with owners							
Issuance of shares pursuant to warrants		36,700	41,152	(8,489)	-	-	69,363
Dividend	29	-	-	-	-	(29,359,770)	(29,359,770)
Total transactions with owners		36,700	41,152	(8,489)	-	(29,359,770)	(29,290,407)
At 30 September 2016		419,443,984	57,081	8,000,533	646,907	412,721,156	840,869,661

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

For the Financial Year ended 30 September 2017

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES				
Profit before tax	193,592,301	304,668,805	50,665,944	70,203,441
Adjustments for:				
Amortisation of biological assets	16,719,899	13,830,066	-	-
Amortisation of prepaid lease payments	1,530,438	992,441	-	-
Bad debts written off	-	42,031	-	-
Biological assets written off	4,775,926	1,574,617	-	-
Changes in fair value of investment properties	(2,987,901)	-	-	-
Depreciation of property, plant and equipment	20,055,373	18,797,489	19,573	19,757
Deposits written off	5,600	1,514,040	-	-
Dividend income	-	-	(44,370,000)	(65,644,900)
Impairment loss on:				
Trade receivables	59,906	108,808	-	-
Other receivables	2,000	190,992	-	-
Inventories written off	161,778	-	-	-
Interest expense	47,564,546	52,192,866	4,656,946	3,268,766
Unrealised losses/(gains) on foreign exchange - net	7,180,903	(39,506,643)	-	-
Property, plant and equipment written off	23,660	34,788	1	1
Land held for property development written off	-	184,174	-	-
Provision for retirement gratuity	587,866	-	-	-
Provision for post-employment benefit obligations	832,705	2,357,525	-	-
Gain arising from derivative financial assets	-	(42,350)	-	-
Gain on bargain purchase on acquisition of subsidiaries	-	(5,085,683)	-	-
Gain on disposal of property, plant and equipment	(7,735)	(122,609)	-	-
Interest income	(6,131,936)	(5,810,309)	(15,031,607)	(11,317,860)
Reversal of impairment loss on:				
Loan and finance lease receivables	(100)	(909)	-	-
Trade receivables	(64,942)	(59,461)	-	-
Other receivables	(58,483)	(63,621)	(4,200)	(8,025)
Share of results of associates	2,206,144	818,527	-	-
Operating Profit/(Loss) Before Changes in Working Capital	286,047,948	346,615,584	(4,063,343)	(3,478,820)
Change in property development costs	2,074,315	62,052,397	-	-
Change in inventories	55,778,861	36,779,727	-	-
Change in accrued billings in respect of property development	60,447,554	(94,074,964)	-	-
Change in receivables, deposits and prepayments	(58,201,676)	(32,808,637)	(1,345,699)	(374,282)
Change in payables and accruals	(144,913,951)	15,721,903	629,370	(63,500)
Cash Generated From/(Used In) Operations	201,233,051	334,286,010	(4,779,672)	(3,916,602)
Interest received	6,012,785	5,804,605	15,031,607	11,317,860
Interest paid	(48,869,220)	(43,277,139)	(4,656,946)	(3,268,766)
Tax paid	(102,552,142)	(78,888,280)	(2,603,646)	(2,545,742)
Tax refunded	2,423,018	2,203,282	-	-
Retirement benefit obligations paid	(352,618)	(223,580)	-	-
Net Cash From Operating Activities	57,894,874	219,904,898	2,991,343	1,586,750

Statements of Cash Flows

For the Financial Year ended 30 September 2017

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Acquisition of subsidiaries, net of cash acquired	-	(4,127,965)	(350)	(2)
Advances to subsidiaries	-	-	(86,576,238)	(37,906,308)
Subscription of shares in an associate	(1,960,000)	(2,450,000)	-	-
Acquisition of property, plant and equipment	(13,821,345)	(15,839,235)	-	-
Additions to biological assets	(3,876,762)	(3,911,074)	-	-
Additions to intangible assets	(7,466,108)	(4,847,540)	-	-
Additions to land held for property development	(76,154,883)	(83,828,383)	-	-
Subscription of additional shares in subsidiaries	-	-	(31,667,487)	(413,008)
Disposal of subsidiary, net of cash disposed	-	-	-	2
Dividends received from subsidiaries	-	-	44,370,000	65,644,900
Withdrawal /(Placement) of deposits with licensed banks	(909,665)	4,461,295	-	-
Proceeds from disposal of property, plant and equipment	40,166	130,010	-	-
Net Cash (Used In)/From Investing Activities	(104,148,597)	(110,412,892)	(73,874,075)	27,325,584
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Drawdown of bridging loans	6,306,911	-	-	-
Drawdown of revolving credits	183,990,781	63,531,030	107,000,000	32,350,000
Drawdown of term loans	257,949,241	85,803,377	-	-
Repayments of revolving credits	(119,122,180)	(61,364,560)	(95,850,000)	(33,000,000)
Repayments of term loans	(380,683,893)	(121,315,466)	-	-
Payments of finance lease	(873,092)	(1,624,377)	-	-
Proceeds from issuance of shares pursuant to:				
- rights issue	80,561,603	-	80,561,603	-
- warrants	26,467,369	69,363	26,467,369	69,363
Share issue expenses	(1,704,487)	-	(1,704,487)	-
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	490	481,990	-	-
Dividend paid to non-controlling shareholders	-	(4,000,000)	-	-
Dividend paid	(29,362,829)	(29,359,770)	(29,362,829)	(29,359,770)
Net Cash From/(Used In) Financing Activities	23,529,914	(67,778,413)	87,111,656	(29,940,407)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(22,723,809)	41,713,593	16,228,924	(1,028,073)
Effect of exchange rate fluctuations	(5,158,983)	(693,375)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	267,179,851	226,159,633	(4,083,224)	(3,055,151)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	239,297,059	267,179,851	12,145,700	(4,083,224)

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

		The Group		The Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Deposits with licensed banks	22	8,830,105	16,239,439	-	-
Cash and bank balances	22	132,260,508	105,127,118	12,145,700	267,497
Cash held under housing development accounts	22	91,347,222	161,725,882	-	-
Fixed income funds:					
Redeemable at call	22	10,378,499	15,389,739	-	-
Redeemable upon 1 day notice	22	11,183,738	2,331,389	-	-
Redeemable upon 5 days notice	22	10,609,703	4,273,583	-	-
		264,609,775	305,087,150	12,145,700	267,497
Bank overdrafts	28	(2,495,721)	(15,999,969)	-	(4,350,721)
		262,114,054	289,087,181	12,145,700	(4,083,224)
Less: Non short-term and highly liquid fixed deposits		(4,312,380)	(5,175,335)	-	-
Less: Deposits and bank balances pledged for credit facilities		(18,504,615)	(16,731,995)	-	-
		239,297,059	267,179,851	12,145,700	(4,083,224)

Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment by the following means:

	The Group	
	2017 RM	2016 RM
Finance lease arrangement	93,000	403,000
Cash payments	13,821,345	15,839,235
	13,914,345	16,242,235

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

1. GENERAL 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 principal activities of the Company are investment holding and providing management services.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiaries are as disclosed in Note 15.

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

The registered office of the Company is located at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The principal place of business of the Company is located at 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 28 December 2017.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgements in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c).

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(a) Statement of compliance (continued)

(i) Standards, Amendments and IC Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised FRSs, Amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

FRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)[2]
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts[2]
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to FRS 107	Disclosure Initiative1
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to FRS 140	Transfers of Investment Property[2]
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]
IC Interpretation 23	Uncertainty Over Income Tax Treatments[3]
Annual Improvements to FRSs 2014 - 2016 cycle[1 or 2]	

[1] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[4] Effective date deferred to a date to be determined and announced, with earlier application permitted.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective except for the Standards that is effective for annual periods beginning on or after 1 January 2018 as the Group is under transitioning entity. The adoption of these Standards will have no material impact on the financial statements of the Group and the Company in the period of initial application.

(ii) Malaysian Financial Reporting Standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(a) Statement of compliance (continued)

(ii) Malaysian Financial Reporting Standards (continued)

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 30 September 2019, being the first set of financial statements prepared in accordance with new MFRS Framework.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

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

(c) Significant accounting estimates and judgements

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following paragraphs:

(i) Revenue and cost of sales recognition (Notes 4 and 5) - the Group recognises property development revenue and the related cost of sales by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion of development costs incurred for work performed to-date bears to the estimated total property development costs. Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits/(loss) recognised.

(ii) Tax expense (Note 8) - significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the tax expense. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(c) Significant accounting estimates and judgements (continued)

(iii) Valuation of land and buildings (Note 10) – the valuation of land and buildings performed by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and when necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the valuation of the Group's and of the Company's land and buildings.

(iv) Depreciation of property, plant and equipment and amortisation of biological assets (Notes 10 and 12) - the cost of property, plant and equipment and biological assets is depreciated or amortised on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years and biological assets to be 20 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation or amortisation charges.

(v) Impairment of goodwill (Note 11) - significant judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units which involve uncertainties and are based on assumptions used and judgement made regarding estimates of future cash flows and discount rate.

(vi) Fair value of investment properties (Note 14) - the measurement of the fair value for investment properties performed by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, investment method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property and cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the Group's investment properties.

(vii) Deferred tax assets (Note 18) - deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the Group to the extent that is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.

(viii) Impairment loss on receivables (Note 19) - the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(c) Significant accounting estimates and judgements (continued)

(ix) Inventories (Note 21) - the saleability of inventories are reviewed by management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.

(x) Provision of post-employment benefit obligations (Note 26) - the provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, this estimated provision amount is subject to significant uncertainty.

(xi) Revenue and cost recognition for intangible asset model (Note 11) - a subsidiary, which adopts the intangible asset model has recognised a construction margin of 7% in the construction of commuter station. Income and expenses associated with the said construction are recognised based on percentage of completion method. The estimated margin is based on relative comparison with general industry trend although actual margins may differ due to location, materials and other pricing considerations.

(xii) Tax litigation in Indonesia (Note 32) - significant judgment is required in determining the tax litigation status in Indonesia. This judgement involves the understanding of relevant case facts, past experience and updates on the tax assessment status from time to time. Should it be probable that an outflow of resources will be required to settle the obligation, a provision may be required.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control 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. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised and is 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 (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with FRS 139 or FRS 137 *Provisions, Contingent Liabilities* and *Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Business combinations (continued)

If the initial accounting for a business combination is incomplete at the reporting date in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

(c) Investment in Associates

An associate is an entity over 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 or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associate are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Investment in Associates (continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with its associate of the Group, profits or losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate that are not related to the Group.

(d) Foreign currency

(i) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group entities' functional currency (foreign currencies) are recorded in the Group entities' functional currency at the exchange rates prevailing at the date of the transaction. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the 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.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

(i) assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) all resulting exchange differences are taken to other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences accumulated in equity at the date of disposal of the subsidiary is reclassified to the consolidated profit or loss.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Development properties

Revenue from development properties sold is recognised on the percentage of completion method when the outcome of the property development projects can be reliably estimated. The stage of completion is measured by the proportion that development costs incurred for work performed to-date bear to the estimated total development costs for units sold. Where foreseeable losses on development properties are anticipated, full allowance of those losses is made in the financial statements.

Revenue from the sale of completed development properties and land held for development are measured at fair value of the consideration received or receivable net of trade discounts and rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of properties can be estimated reliably, and there is no continuing management involvement with the properties.

(ii) Investment properties

Revenue from sale of investment properties is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of investment properties can be estimated reliably, and there is no continuing management involvement with the properties.

(iii) Construction contract

Revenue from rendering of services relating to construction contracts is accounted for under the percentage of completion method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition (continued)

(iv) Sale of goods

Revenue from sale of goods, crude palm oil and palm kernel is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods and customer acceptance, if any, when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(v) Services

Revenue from services is recognised as and when services are rendered.

(vi) Entrance and subscription fees

Entrance and subscription fees received from club members are recognised on an accrual basis. When members account become inactive, subscription fee is suspended until it is realised on a cash basis. Members' accounts are deemed to be inactive where subscriptions are in arrears for more than 6 months.

(vii) Rental income

Rental income is recognised on a straight line basis over the lease terms.

(viii) Government grants

Government grants relating to facilitation fund are recognised in the profit or loss when the rights to receive the grants are approved and the grants will be received during the financial year.

(ix) Interest income

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

Interest income from hire-purchase financing, housing loan and term loan are recognised on an accrual basis as follows:

(a) interest earned on hire-purchase financing is recognised using the 'sum-of-digits' method so as to produce a constant periodic rate of interest on the balance for each period. Unearned interest is deducted in arriving at the net balance of the hire-purchase debts; and

(b) interest earned on housing loan and term loan is calculated on a monthly rest basis.

(x) Dividend income

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

(xi) Income from fixed income fund

Income from fixed income fund is recognised when the right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees Provident Fund or other defined contributable plans are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Defined benefit plans

Certain foreign subsidiaries of the Company operate unfunded defined benefit schemes. The foreign subsidiaries' obligations under the schemes are determined based on external actuarial valuation in accordance with the labour law requirements in that country where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost and past service cost);
- net interest expense or income; and
- remeasurement.

The amount recognised at the reporting date represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Plan assets resulting from this calculation are to be used only to settle the employee benefit obligations and only can be returned to the Group if the remaining assets of the fund are sufficient to meet the plan's obligation to pay the related employee benefits directly.

(iii) Retirement gratuity scheme

The Company established a retirement gratuity scheme in 2005 for certain Executive Directors of the Company. The amount of retirement gratuity payable is determined by the Board of Directors in relation to the past services rendered and it does not account for the director's services to be rendered in later years up to retirement. The retirement gratuity is calculated based on the last drawn monthly salaries of the eligible directors and contribution to Employees Provident Fund for three years. The retirement gratuity payable is vested upon the directors reaching retirement age and is classified as current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

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

(h) Leases

(i) Finance leases - The Group as lessee

Leases of property, plant and equipment where the Group and the Company assume substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating leases - The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis. The up-front payment for lease of land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

(iii) Finance leases - The Group as lessor

Leases where the Group transfers substantially all the risks and rewards of ownership of the asset are classified as finance leases. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest earned on hire purchase or finance lease financing is recognised using the ‘sum-of-digits’ method so as to produce a constant periodic rate of interest on the balance for each period. Unearned interest is deducted in arriving at the net balance of the hire purchase or finance lease debts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Tax expense

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

Deferred tax is recognised on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits 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 future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

(j) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment except for freehold land and buildings are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at valuation, which is the fair value at the date of valuation, less impairment loss, if any. Buildings are stated at valuation, which is the fair value at the date of the valuation, less accumulated depreciation and impairment loss, if any.

The Group revalues its land and building every five years from the last date of valuation or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

Surplus arising from revaluation are transferred to revaluation reserve. Any deficits are offset against the unutilised previously recognised revaluation surplus to the extent of a previous increase for the same property and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any unutilised revaluation reserve relating to the particular asset is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until these assets are ready for their intended use.

The principal annual rates for the current and comparative financial years are as follows:

Long-term leasehold land	Over lease period of 78 to 99 years
Buildings	2% to 12.5%
Motor vehicles, plant and machinery	5% to 20%
Furniture, fittings and equipment	10% to 25%
Plantation infrastructure	12.5%

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries is identified as any excess of the consideration paid over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill acquired is allocated to the cash-generating units ("CGU") expected to benefit from the acquisition synergies. An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each assets in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

(ii) Other intangible assets

Other intangible assets acquired by the Group are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level.

(l) Biological assets

This represents plantation development expenditure consisting of cost incurred on land preparation and planting and upkeep of oil palm trees to maturity which are initially recognised at cost. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss and the capitalised expenditure is amortised on a straight-line basis over the estimated productive years of the plantation of 20 years from the date of maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Investment properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies within the Group are accounted for as owner's occupied rather than as investment properties.

All investment properties are measured initially and subsequently at fair value with any change therein recognised in profit or loss.

Investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

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.

(n) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (under current assets) where development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(o) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land, construction costs and other development costs including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in profit or loss by reference to the stage of completion of development activities at the reporting date. The stage of completion is measured by the proportion that development costs incurred for work performed to-date bear to the estimated total development costs of the development.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of development costs incurred that are probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Property development costs (continued)

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised as an expense immediately. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

Accrued billings represent the excess of revenue recognised in profit or loss over billings to purchasers. Progress billings represent the excess of billings to purchasers over revenue recognised in profit or loss.

(p) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

(q) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the specific identification, first-in first-out and weighted average principles, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes raw materials, direct labour and an appropriate production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

Cost of completed development properties is determined on specific identification basis and includes land, construction and appropriate development overheads.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Non-current assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is expected to be completed within one year from the date of classification. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

(s) Financial instruments

(i) Initial recognition and measurement

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

(a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets are either held for trading or is designated as at FVTPL. Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

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

Financial assets (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (including fixed deposits with financial institutions). Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income from financial assets is recognised on an effective interest method for debt instruments other than those financial assets classified as at FVTPL.

Equity instruments

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities are classified as either financial liabilities “at FVTPL” or “other financial liabilities”.

(a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when financial liabilities are either held for trading or is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

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

Financial liabilities (continued)

(b) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

(v) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statement of cash flows. Cash and cash equivalents are short-term and highly liquid investments and are readily convertible to cash with insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(u) Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the management's best estimate of the amount required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

At the reporting date, provisions are reviewed by the management and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

(v) Warrant reserve

Warrant reserve arose from the issuance of renounceable rights issue together with free detachable warrants in prior years, which was measured at fair value on the date of issuance. Warrants reserve is transferred to the share capital account upon the exercise of warrant and the warrant reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

(w) Contingencies

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

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to chief operating decision maker 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 disclosed in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

(y) 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transactions that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 *Inventories* or value in use in FRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. REVENUE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Attributable revenue from sale of uncompleted development properties and sale of completed development properties	695,062,211	923,053,554	-	-
Attributable revenue from construction contracts	7,466,107	9,000,539	-	-
Dividend income from subsidiaries	-	-	44,370,000	65,644,900
Interest income from money lending	568,341	57,335	-	-
Rental income	316,138	177,038	-	-
Rental income from investment properties	29,991,212	34,805,237	-	-
Revenue from hotel operations	3,569,366	4,075,111	-	-
Sale of goods	70,406,108	87,903,096	-	-
Sales of crude palm oil and palm kernel	260,538,361	205,954,589	-	-
Services rendered	915,658	845,903	-	-
	1,068,833,502	1,265,872,402	44,370,000	65,644,900

Group revenue excludes intra-group transactions.

5. COST OF SALES

	The Group	
	2017 RM	2016 RM
Attributable property development costs and cost of completed development properties sold	430,671,038	608,454,194
Attributable construction contract costs	6,977,671	8,411,718
Direct operating expenses from investment properties generating rental income	10,248,498	9,426,062
Cost of goods sold	69,817,941	81,097,078
Cost of services	775,481	791,135
Cost of sales of crude palm oil and palm kernel	165,422,499	134,423,714
	683,913,128	842,603,901

6. PROFIT BEFORE TAX

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax is arrived at after charging:				
Amortisation of prepaid lease payments	1,530,438	992,441	-	-
Amortisation of biological assets	16,719,899	13,830,066	-	-
Auditors' remuneration:				
Audit services	527,426	497,785	53,000	50,000
Other services by auditors of the Company	37,000	19,250	18,000	16,600
Bad debts written off	-	42,031	-	-
Biological assets written off	4,775,926	1,574,617	-	-
Deposits written off	5,600	1,514,040	-	-
Depreciation of property, plant and equipment	20,055,373	18,797,489	19,573	19,757
Interest expense:				
Loans and borrowings	40,573,385	39,822,260	4,656,946	3,268,766
Unwinding of discount	6,991,161	12,370,606	-	-
Inventories written off	161,778	-	-	-
Impairment loss on:				
Trade receivables	59,906	108,808	-	-
Other receivables	2,000	190,992	-	-
Land held for property development written off	-	184,174	-	-
Net losses on foreign exchange:				
Realised	6,717,756	-	-	-
Unrealised	7,180,903	-	-	-
Personnel expenses (including key management personnel):				
Contributions to Employees Provident Fund	6,338,677	6,238,091	-	-
Provision for post-employment benefit obligations	832,705	2,357,525	-	-
Provision for retirement gratuity	587,866	-	-	-
Wages, salaries and others	56,314,358	56,117,840	319,082	304,013
Property, plant and equipment written off	23,660	34,788	1	1
Rental of motor vehicles, equipment and machinery	733,137	678,576	-	-
Rental of premises	54,332	44,485	-	-
and after crediting:				
Dividend income (gross)	-	-	44,370,000	65,644,900
Gain on bargain purchase on acquisition of subsidiaries	-	5,085,683	-	-
Gain arising from derivative financial assets	-	42,350	-	-
Gain on disposal of property, plant and equipment	7,735	122,609	-	-
Changes in fair value of investment properties	2,987,901	-	-	-
Interest income:				
Advances to subsidiaries	-	-	14,885,396	11,287,799
Bank balances, term deposits and fixed income funds	6,012,785	5,804,605	146,211	30,061
Accretion of interest	119,151	5,704	-	-

6. PROFIT BEFORE TAX (continued)

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
and after crediting (continued):				
Gain on foreign exchange - net				
Realised	-	2,479,640	382	-
Unrealised	-	39,506,643	-	-
Government facilitation fund*	-	19,560,249	-	-
Rental income on land and buildings	31,620,260	35,526,850	-	-
Reversal of impairment loss on:				
Loan and finance lease receivables	100	909	-	-
Trade receivables	64,942	59,461	-	-
Other receivables	58,483	63,621	4,200	8,025

* In the previous financial year, the Group recognised a government facilitation fund income amounting to RM19,560,249 in connection with the Group's collaboration with an external bumiputera company in a property development project.

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Executive Directors:				
Other emoluments	15,664,659	15,618,309	-	-
Provision of retirement gratuity	587,866	-	-	-
Estimated monetary value of benefits-in- kind	94,487	112,609	-	-
	16,347,012	15,730,918	-	-
Non-Executive Directors:				
Fees	250,000	250,000	250,000	250,000
Other emoluments	81,240	78,990	39,000	36,750
	331,240	328,990	289,000	286,750
	16,678,252	16,059,908	289,000	286,750
Directors of subsidiaries				
Executive Directors:				
Other emoluments	5,227,024	5,324,684	-	-
Estimated monetary value of benefits-in- kind	23,950	26,868	-	-
	5,250,974	5,351,552	-	-
	21,929,226	21,411,460	289,000	286,750

8. TAX EXPENSE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax				
Malaysia:				
Current financial year	58,754,670	70,076,809	3,251,600	2,512,100
Prior financial year	7,083,413	(1,635,843)	6,546	(11,058)
Overseas:				
Current financial year	12,213,902	10,644,339	-	-
Prior financial year	540,849	-	-	-
	78,592,834	79,085,305	3,258,146	2,501,042
Deferred tax (Note 18):				
Origination and reversal of temporary differences	(8,589,594)	11,019,782	1,400	738,756
(Over)/Underprovision in prior financial year	(1,254,197)	385,679	-	-
	(9,843,791)	11,405,461	1,400	738,756
Total tax expense recognised in profit or loss	68,749,043	90,490,766	3,259,546	3,239,798
Deferred tax related to other comprehensive income (Note 18):				
Remeasurement (gains)/losses on defined benefit plans	(212,071)	356,408	-	-
Total tax (income)/expense recognised in other comprehensive income	(212,071)	356,408	-	-

8. TAX EXPENSE (continued)

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

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	193,592,301	304,668,805	50,665,944	70,203,441
Tax calculated using Malaysian tax rate of 24%	46,462,200	73,120,500	12,159,800	16,848,800
Tax effects of:				
Non-deductible expenses	11,837,430	8,682,056	1,742,000	1,419,056
Non-taxable income	(2,862,615)	(1,899,207)	(10,648,800)	(15,754,800)
Share of results of associates	529,475	196,446	-	-
Effect of changes in tax rate:				
Real property gains tax	(567,696)	(947,000)	-	-
Effect of changes in overseas tax rate:				
The People's Republic of China	10,389	20,833	-	-
Republic of Indonesia	156,638	646,596	-	-
Deferred tax assets not recognised	9,180,863	12,928,706	-	-
Reversal of deferred tax asset recognised in prior year	-	-	-	737,800
Realisation of deferred tax assets not recognised in prior financial years	(1,851,706)	-	-	-
Utilisation of reinvestment allowance	(516,000)	(1,008,000)	-	-
Under/(Over)provision in prior financial year:				
Current tax	7,624,262	(1,635,843)	6,546	(11,058)
Deferred tax	(1,254,197)	385,679	-	-
Tax expense	68,749,043	90,490,766	3,259,546	3,239,798

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 30 September 2017, the estimated amount of deductible temporary differences, unused tax losses and unused tax credits, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of realisation, is as follows:

	The Group	
	2017 RM	2016 RM
Unused tax losses	23,609,232	22,309,254
Unabsorbed capital allowances	34,620	23,920
Other temporary differences	78,621,319	49,393,843
	102,265,171	71,727,017

9. EARNINGS AND NET ASSETS PER SHARE

Basic earnings per share

The basic earnings per share is calculated by dividing the Group profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

Basic earnings per share are calculated as follows:

	The Group	
	2017 RM	2016 RM
Profit attributable to owners of the parent	128,206,980	205,041,491

	The Group	
	2017	2016
Number of ordinary shares in issue at beginning of the financial year	419,443,984	419,407,284
Effect of exercise of warrants	5,700,105	19,500
Effect of rights and bonus issue*	105,113,048	93,001,916
Weighted average number of ordinary shares in issue*	530,257,137	512,428,700
Basic earnings per share (sen)	24.18	40.01

Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the Group's net profit attributable to owners of the parent for the financial year by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. warrants. A calculation is done to determine the number of shares that could have been acquired at market price based on the monetary value of the subscription rights attached to the outstanding warrants.

9. EARNINGS AND NET ASSETS PER SHARE (continued)

Diluted earnings per share (continued)

	The Group	
	2017	**2016**
	RM	**RM**
Profit attributable to owners of the parent	128,206,980	205,041,491

	2017	**2016**
Weighted average number of ordinary shares in issue*	530,257,137	512,428,700
Adjustments for warrants	10,182,632	8,324,571
Adjusted weighted average number of ordinary shares	540,439,769	520,753,271
Diluted earnings per share (sen)	23.72	39.37

* Comparative figures for weighted average number of ordinary shares for both basic and diluted earnings per ordinary share computation have been restated to reflect the adjustment arising from the Rights and Bonus Issues, which were completed on 1 June 2017.

Since the end of the financial year, 22,789,778 (2016: 128,297) warrants have been exercised resulting in the issuance of 22,789,778 (2016: 128,297) ordinary shares.

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

Net assets per share

The net assets per share is calculated by dividing the total equity attributable to owners of the parent by the number of ordinary shares in issue at the reporting date as disclosed in Note 24 after taking into consideration the bonus issue of 85,250,374 ordinary shares issued during the financial year.

10. PROPERTY, PLANT AND EQUIPMENT

The Group 2017	Freehold land RM	Long-term leasehold land RM	Buildings RM	Motor vehicles, plant and machinery RM	Furniture, fittings and equipment RM	Plantation infrastructure RM	Under construction RM	Total RM
Cost/Valuation								
At 1 October 2016	12,240,000	6,400,000	91,768,347	95,671,302	28,872,359	46,678,829	3,946,042	285,576,879
Additions	-	-	-	4,985,543	4,567,787	-	4,361,015	13,914,345
Disposals	-	-	-	(53,785)	(4,959)	-	-	(58,744)
Write-offs	-	-	-	(182,085)	(322,166)	-	-	(504,251)
Reclassification	-	-	2,128,643	16,279	252,847	2,731,531	(5,129,300)	-
Effect of movements in exchange rates	-	-	(419,114)	(1,372,628)	(106,239)	(760,815)	(52,148)	(2,710,944)
At 30 September 2017	12,240,000	6,400,000	93,477,876	99,064,626	33,259,629	48,649,545	3,125,609	296,217,285
Accumulated Depreciation								
At 1 October 2016	-	86,780	11,124,153	33,866,483	13,311,092	10,024,831	-	68,413,339
Charge for the financial year*	-	86,780	7,152,237	7,593,015	3,146,152	2,434,822	-	20,413,006
Disposals	-	-	-	(21,933)	(4,380)	-	-	(26,313)
Write-offs	-	-	-	(178,009)	(302,582)	-	-	(480,591)
Effect of movements in exchange rates	-	-	(221,363)	(1,693,693)	(50,726)	(182,937)	-	(2,148,719)
At 30 September 2017	-	173,560	18,055,027	39,565,863	16,099,556	12,276,716	-	86,170,722
Net Carrying Amount								
At 30 September 2017	12,240,000	6,226,440	75,422,849	59,498,763	17,160,073	36,372,829	3,125,609	210,046,563

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group 2016	Freehold land RM	Long-term leasehold land RM	Buildings RM	Motor vehicles, plant and machinery RM	Furniture, fittings and equipment RM	Plantation infrastructure RM	Under construction RM	Total RM
Cost/Valuation								
At 1 October 2015	12,240,000	6,400,000	81,890,241	89,362,670	22,016,487	43,731,660	4,984,838	260,625,896
Additions	-	-	2,543,301	1,289,052	2,745,708	-	9,664,174	16,242,235
In respect of subsidiaries acquired (Note 30)	-	-	566,614	1,295,086	45,483	253,244	344,861	2,505,288
Disposals	-	-	-	(454,000)	-	-	-	(454,000)
Write-offs	-	-	(9,360)	(355,366)	(403,698)	-	-	(768,424)
Reclassification	-	-	5,879,237	652,038	4,208,428	369,030	(11,108,733)	-
Effect of movements in exchange rates	-	-	898,314	3,881,822	259,951	2,324,895	60,902	7,425,884
At 30 September 2016	12,240,000	6,400,000	91,768,347	95,671,302	28,872,359	46,678,829	3,946,042	285,576,879
Accumulated Depreciation								
At 1 October 2015	-	-	4,062,547	27,513,658	10,798,823	7,261,324	-	49,636,352
Charge for the financial year*	-	86,780	6,719,734	7,254,673	2,813,448	2,324,792	-	19,199,427
Disposals	-	-	-	(446,599)	-	-	-	(446,599)
Write-offs	-	-	(4,875)	(348,572)	(380,189)	-	-	(733,636)
Reclassification	-	-	-	(972)	972	-	-	-
Effect of movements in exchange rates	-	-	346,747	(105,705)	78,038	438,715	-	757,795
At 30 September 2016	-	86,780	11,124,153	33,866,483	13,311,092	10,024,831	-	68,413,339
Net Carrying Amount								
At 30 September 2016	12,240,000	6,313,220	80,644,194	61,804,819	15,561,267	36,653,998	3,946,042	217,163,540

* Included in depreciation charge for the financial year is an amount of RM357,633 (2016: RM401,938) capitalised in biological assets.

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The freehold and leasehold land and buildings stated at valuation were revalued by the directors in September 2015 and September 2010 based on independent professional valuation on the market value basis using the cost and direct comparison of valuation methods, except for certain buildings located at oil palm plantation with carrying amounts (included current year additions) totalling RM19,314,290 (2016:RM17,937,197) were not revalued as at 30 September 2015. The directors are of the view that it is not practicable to fair value these buildings as these are mainly staff quarters and amenities which were built at the oil palm plantation for use by the plantation workers and there is a lack of active market for the buildings.

The Group 2017	Freehold land RM	Long-term leasehold land RM	Buildings RM	Motor vehicles, plant and machinery RM	Furniture, fittings and equipment RM	Plantation infrastructure RM	Under construction RM	Total RM
Analysis of Cost and Valuation								
At valuation - 2015	12,240,000	6,400,000	65,080,502	-	-	-	-	83,720,502
At cost	-	-	28,397,374	99,064,626	33,259,629	48,649,545	3,125,609	212,496,783
	12,240,000	6,400,000	93,477,876	99,064,626	33,259,629	48,649,545	3,125,609	296,217,285
Net Carrying Amount								
At valuation - 2015	12,240,000	6,226,440	56,108,559	-	-	-	-	74,574,999
At cost	-	-	19,314,290	59,498,763	17,160,073	36,372,829	3,125,609	135,471,564
	12,240,000	6,226,440	75,422,849	59,498,763	17,160,073	36,372,829	3,125,609	210,046,563
2016								
Analysis of Cost and Valuation								
At valuation - 2015	12,240,000	6,400,000	65,266 ,852	-	-	-	-	83,906,852
At cost	-	-	26,501,495	95,671,302	28,872,359	46,678,829	3,946,042	201,670,027
	12,240,000	6,400,000	91,768,347	95,671,302	28,872,359	46,678,829	3,946,042	285,576,879
Net Carrying Amount								
At valuation - 2015	12,240,000	6,313,220	62,706,997	-	-	-	-	81,260,217
At cost	-	-	17,937,197	61,804,819	15,561,267	36,653,998	3,946,042	135,903,323
	12,240,000	6,313,220	80,644,194	61,804,819	15,561,267	36,653,998	3,946,042	217,163,540

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RM	Buildings RM	Furniture, fittings and equipment RM	Total RM
The Company				
2017				
Cost/Valuation				
At 1 October 2016	640,000	590,000	75,834	1,305,834
Write-off	-	-	(7,400)	(7,400)
At 30 September 2017	640,000	590,000	68,434	1,298,434
Accumulated Depreciation				
At 1 October 2016	-	13,409	54,433	67,842
Charge for the financial year	-	13,409	6,164	19,573
Write-off	-	-	(7,399)	(7,399)
At 30 September 2017	-	26,818	53,198	80,016
Net Carrying Amount				
At 30 September 2017	640,000	563,182	15,236	1,218,418
2016				
Cost/Valuation				
At 1 October 2015	640,000	590,000	79,296	1,309,296
Write-off	-	-	(3,462)	(3,462)
At 30 September 2016	640,000	590,000	75,834	1,305,834
Accumulated Depreciation				
At 1 October 2015	-	-	51,546	51,546
Charge for the financial year	-	13,409	6,348	19,757
Write-off	-	-	(3,461)	(3,461)
At 30 September 2016	-	13,409	54,433	67,842
Net Carrying Amount				
At 30 September 2016	640,000	576,591	21,401	1,237,992

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RM	Buildings RM	Furniture, fittings and equipment RM	Total RM
The Company				
2017				
Analysis of Cost and Valuation				
At valuation - 2015	640,000	590,000	-	1,230,000
At cost	-	-	68,434	68,434
	640,000	590,000	68,434	1,298,434
Net Carrying Amount				
At valuation - 2015	640,000	563,182	-	1,203,182
At cost	-	-	15,236	15,236
	640,000	563,182	15,236	1,218,418
2016				
Analysis of Cost and Valuation				
At valuation - 2015	640,000	590,000	-	1,230,000
At cost	-	-	75,834	75,834
	640,000	590,000	75,834	1,305,834
Net Carrying Amount				
At valuation - 2015	640,000	576,591	-	1,216,591
At cost	-	-	21,401	21,401
	640,000	576,591	21,401	1,237,992

The net carrying amount of revalued assets had they been carried at cost would have been as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Freehold land	666,424	666,424	110,000	110,000
Long-term leasehold land	976,077	989,680	-	-
Buildings	40,708,588	42,626,469	384,100	393,300
	42,351,089	44,282,573	494,100	503,300

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Included in the above property, plant and equipment are:

(a) Motor vehicles, plant and machinery analysed as follows:

The Group	Motor vehicles RM	Plant and machinery RM	Total RM
2017			
Cost	16,235,403	82,829,223	99,064,626
Accumulated depreciation	(9,546,648)	(30,019,215)	(39,565,863)
Net carrying amount	6,688,755	52,810,008	59,498,763
2016			
Cost	14,524,363	81,146,939	95,671,302
Accumulated depreciation	(7,883,257)	(25,983,226)	(33,866,483)
Net carrying amount	6,641,106	55,163,713	61,804,819

(b) Property, plant and equipment pledged as security for bank guarantee and credit facilities granted to certain subsidiaries as disclosed in Note 28 are as follows:

	The Group	
	2017 RM	2016 RM
Cost/Valuation		
Buildings	24,000,000	24,000,000
Net Carrying Amount		
Buildings	22,829,268	23,414,634

(c) Motor vehicles and plant and machinery under finance lease arrangements are as follows:

	The Group	
	2017 RM	2016 RM
Cost	5,561,811	7,799,987
Net carrying amount	2,025,083	3,968,120

(d) Property, plant and equipment under construction are mainly construction of buildings, plant and machinery in oil palm plantation.

(e) The long-term leasehold land of the Group has remaining unexpired lease period of more than 50 years.

11. INTANGIBLE ASSETS

	The Group 2017 RM	The Group 2016 RM
Goodwill (Note 11.1)	5,548,038	5,635,867
Other intangible asset (Note 11.2)	16,466,647	9,000,539
Net carrying amount	22,014,685	14,636,406

11.1 Goodwill

	The Group 2017 RM	The Group 2016 RM
Goodwill on acquisition - At cost		
At beginning of year	5,740,095	5,459,041
Effect of movements in exchange rate	(87,829)	281,054
At end of year	5,652,266	5,740,095
Accumulated impairment loss		
At beginning and end of year	(104,228)	(104,228)
Net carrying amount	5,548,038	5,635,867

Impairment test of goodwill

Goodwill on acquisition is allocated to the Group's cash-generating units ("CGUs"), business segments as follows:

	The Group 2017 RM	The Group 2016 RM
Plantation	5,515,669	5,603,498
Property development	32,369	32,369
	5,548,038	5,635,867

The goodwill allocated to property development segment is not significant in comparison with the Group's total carrying amount of goodwill.

11. INTANGIBLE ASSETS (continued)

Impairment test of goodwill (continued)

Key assumptions used in the value-in-use calculations based on a 13 years (2016: 14 years) cash flows projection in respect of impairment test for goodwill on the plantation segment are:

(i) discount rate of 11.5% (2016: 11.5%) which is pre-tax and reflected specific risks of the plantation segment in Indonesia;

(ii) oil palm trees with an average life of 25 (2016: 25) years with the first three years as immature and remaining years as mature which is the average life cycle of the trees;

(iii) Crude Palm Oil ("CPO") average selling price of RM2,323 (2016: RM2,269) per metric tonne based on the management's estimate;

(iv) Average CPO extraction rate of 22% (2016: 23%) based on the industry trend and past performance; and

(v) Average annual oil palm yield per hectare of 28 to 33 (2016: 28 to 33) metric tonnes based on management's estimate and historical yield.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of the goodwill to materially exceed its recoverable amounts.

11.2 Other Intangible asset

	The Group	
	2017	**2016**
	RM	**RM**
Capitalised development		
At beginning of year	9,000,539	-
Additions	7,466,108	4,847,540
Reclassification from prepayments	-	4,152,999
At end of year	16,466,647	9,000,539

Other intangible asset represents expenditure incurred to construct a commuter station for Railway Asset Corporation ("RAC") in consideration for the right to lease a plot of land from RAC for a period of 60 years. The total estimated construction costs of the commuter station is approximately RM40,139,000.

12. BIOLOGICAL ASSETS

	The Group 2017 RM	The Group 2016 RM
At cost:		
At beginning of year	304,826,120	247,069,607
Additions	5,693,703	5,535,606
In respect of subsidiaries acquired (Note 30)	-	52,950,000
Amortisation for the financial year	(16,719,899)	(13,830,066)
Written off	(4,775,926)	(1,574,617)
Effect of movements in exchange rate	(4,048,490)	14,675,590
At end of year	284,975,508	304,826,120

Biological assets represent the plantation development expenditure for oil palm in Indonesia.

Expenses capitalised during the financial year include the following:

	The Group 2017 RM	The Group 2016 RM
Depreciation of property, plant and equipment	357,633	401,938
Interest capitalised	1,459,308	1,222,594
Personnel expenses:		
Wages, salaries and others	788,621	1,318,172

The interest on borrowing for the financial year is capitalised at rates ranging from 4.35% to 5.20% (2016: 3.80% to 5.50%) per annum.

The biological assets have been pledged as security for credit facilities granted to a subsidiary and the Company as disclosed in Note 28.

13. PREPAID LEASE PAYMENTS

	The Group 2017 RM	The Group 2016 RM
At beginning of year	47,256,429	27,913,330
In respect of subsidiaries acquired (Note 30)	-	20,580,000
Amortisation for the financial year	(1,530,438)	(992,441)
Effect of movements in exchange rate	(1,753)	(244,460)
At end of year	45,724,238	47,256,429

The above is short-term leasehold land with remaining unexpired lease period of less than 50 years.

The short-term leasehold land of RM42,156,888 (2016: RM43,643,267) is pledged as security for credit facilities granted to the Group as disclosed in Note 28.

14. INVESTMENT PROPERTIES

	The Group 2017 RM	2016 RM
At beginning of year	308,457,000	308,457,000
Transfer from inventories (Note 21)	7,492,099	-
Changes in fair values	2,987,901	-
At end of year	318,937,000	308,457,000

Included in the above are:

	The Group 2017 RM	2016 RM
Freehold land and buildings - at fair value		
Freehold land	46,200,000	46,200,000
Buildings	55,347,000	55,367,000
	101,547,000	101,567,000
Leasehold land and buildings - at fair value		
Leasehold land with unexpired lease period of more than 50 years	66,600,000	66,600,000
Buildings	150,790,000	140,290,000
	217,390,000	206,890,000
	318,937,000	308,457,000

Fair value measurement disclosures for investment properties are disclosed in Note 42.

Included in the above are land and buildings amounting to RM254,847,000 (2016: RM254,867,000) pledged for credit facilities granted to subsidiaries as disclosed in Note 28.

15. INVESTMENT IN SUBSIDIARIES

	The Company 2017 RM	2016 RM
Unquoted shares - at cost		
Ordinary shares	436,536,245	404,868,408
Redeemable convertible preference shares ("RCPS")	279,500,000	279,500,000
	716,036,245	684,368,408
Accumulated impairment loss		
At beginning and end of year	(2,824,214)	(2,824,214)
Net book value	713,212,031	681,544,194

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2017	2016
Achieve Acres Sdn. Bhd.	Malaysia	Property development	85%	85%
Aliran Perkasa Sdn. Bhd.	Malaysia	Property development	100%	100%
Budi Bidara Sdn. Bhd.	Malaysia	Property development	100%	100%
Dapat Jaya Builder Sdn. Bhd.	Malaysia	Building and civil works contracting and project management services	100%	100%
^Danau Saujana Sdn. Bhd.	Malaysia	Property development	51%	51%
@Detik Merdu Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Everland Asia Development Sdn. Bhd.	Malaysia	Property development	100%	100%
Gabung Wajib Sdn. Bhd.	Malaysia	Property development	100%	100%
Gerak Teguh Sdn. Bhd.	Malaysia	Property development	100%	100%
GK Resort Berhad	Malaysia	Investment holding	100%	100%
ΩGlobal Landscape Creation Sdn. Bhd.	Malaysia	Dormant	51%	100%
MKH Plantation Sdn. Bhd.	Malaysia	Investment holding	100%	100%

15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2017	2016
Intelek Kekal (M) Sdn. Bhd.	Malaysia	Management services	100%	100%
Intelek Murni (M) Berhad	Malaysia	Operating a recreational club	100%	100%
Intra Tegas (M) Sdn. Bhd.	Malaysia	Property development	100%	100%
Kajang Resources Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
Kumpulan Indah Bersatu Sdn. Bhd.	Malaysia	Property development	100%	100%
Metro Kajang Construction Sdn. Bhd.	Malaysia	Building and civil works contracting and project and building management services	100%	100%
MKH Credit Corporation Sdn. Bhd.	Malaysia	Money lending, hire-purchase and leasing finance	100%	100%
MKH Food Sdn. Bhd.	Malaysia	Dormant	100%	100%
~!MKH Land (Aust) Pty Ltd.	Australia	Dormant	100%	-
~MKH IHS Precast Sdn. Bhd.	Malaysia	Dormant	100%	-
MKH Management Sdn. Bhd.	Malaysia	Management, secretarial services and insurance agency	100%	100%
MKH Building Materials Sdn. Bhd.	Malaysia	Trading of building materials and household related products	100%	100%
Metro Kajang (Oversea) Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Metro K.L. City Sdn. Bhd.	Malaysia	Property development	100%	100%
Metro Nusantara Sdn. Bhd.	Malaysia	Dormant	100%	100%
Metro Tiara (M) Sdn. Bhd.	Malaysia	Property investment	100%	100%

15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2017	2016
MKH Development Sdn. Bhd. (formerly known as Metro Kajang Development Sdn. Bhd.)	Malaysia	Ceased operation	100%	100%
MKH Resources Sdn. Bhd.	Malaysia	Management services	100%	100%
Pelangi Binaraya Sdn. Bhd.	Malaysia	Property development	100%	100%
Pelangi Seri Alam Development Sdn. Bhd.	Malaysia	Building and civil works contracting	100%	100%
Pelangi Semenyih Sdn. Bhd.	Malaysia	Property development	100%	100%
Perkasa Bernas (M) Sdn. Bhd.	Malaysia	Property development	100%	100%
Petik Mekar Sdn. Bhd.	Malaysia	Property development	100%	100%
Serba Sentosa Sdn. Bhd.	Malaysia	Property development	100%	100%
Serentak Maju Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
Srijang Indah Sdn. Bhd.	Malaysia	Property investment and management and investment holding	100%	100%
€Srijang Kemajuan Sdn. Bhd.	Malaysia	Property development and property investment	99.99%	99.99%
€Stand Allied Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
Sumber Lengkap Sdn. Bhd.	Malaysia	Property development	100%	100%
€Suria Villa Sdn. Bhd.	Malaysia	Property development	100%	100%
*Vista Haruman Development Sdn. Bhd.	Malaysia	Property development	55%	55%

15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2017	2016
Subsidiaries of Detik Merdu Sdn. Bhd.				
#@PT Maju Kalimantan Hadapan	Republic of Indonesia	Oil palm plantation	95%	95%
#PT Nusantara Makmur Jaya	Republic of Indonesia	Dormant	100%	100%
Subsidiaries of MKH Plantation Sdn. Bhd.				
#@PT Sawit Prima Sakti	Republic of Indonesia	Oil palm plantation	75%	75%
Subsidiary of Gabung Wajib Sdn. Bhd.				
Amona Metro Development Sdn. Bhd.	Malaysia	Property development	60%	60%
Alif Mesra Sdn. Bhd.	Malaysia	Property development	65%	65%
Subsidiary of GK Resort Berhad				
PNSB-GK Resort Sdn. Bhd.	Malaysia	Property development	70%	70%
Subsidiary of Kumpulan Indah Bersatu Sdn. Bhd.				
Palga Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Subsidiary of Pelangi Seri Alam Development Sdn. Bhd.				
Hillpark Resources Sdn. Bhd.	Malaysia	Property development	100%	100%
Subsidiary of Metro Kajang (Oversea) Sdn. Bhd.				
#Vast Furniture Manufacturing (Kunshan) Co. Ltd.	The People's Republic of China	Furniture manufacturing	100%	100%
Subsidiary of Palga Sdn. Bhd.				
Hiliran Juara Sdn. Bhd.	Malaysia	Property development	100%	100%

15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2017	2016
Subsidiary of Amona Metro Development Sdn. Bhd.				
Temara Pekeliling Sdn. Bhd.	Malaysia	Property development	50.4%	50.4%
Subsidiaries of Srijang Indah Sdn. Bhd.				
Laju Jaya Sdn. Bhd.	Malaysia	Hotel business and property investment	100%	100%
Maha Usaha Sdn. Bhd.	Malaysia	Property investment and management	100%	100%
∞Metro Emart Sdn. Bhd.	Malaysia	E-commence	100%	100%

Subsidiaries audited by firms of auditors other than Deloitte PLT.

~ During the financial year, the Company acquired the subsidiaries for a total cash consideration of AUS100 and RM2 respectively.

Ω During the financial year, the Company subscribed for 508 new ordinary shares in the subsidiary, representing 51% of the total allotment of 998 new ordinary shares.

€ During the financial year, the Company subscribed for additional 28,226,373 new ordinary shares in Suria Villa Sdn. Bhd., 2,500,000 new ordinary shares in Stand Allied Corporation Sdn. Bhd. and 940,606 new ordinary shares in Srijang Kemajuan Sdn. Bhd.

∞ In the previous financial year, the Company acquired the subsidiary for a total cash consideration of RM2. Subsequently, the Company disposed it to another subsidiary at RM2.

^ In the previous financial year, the Company subscribed for 508 new ordinary shares in the subsidiary, representing 51% of the total allotment of 998 new ordinary shares.

* In the previous financial year, the Company subscribed for additional 412,500 new ordinary shares in the subsidiary.

@ The investment in shares have been pledged as security for credit facilities granted to a subsidiary as disclosed in Note 28.

! The company is not audited by Deloitte PLT. As the company is dormant, no statutory audit is required under Australian Corporations Act.

15. INVESTMENT IN SUBSIDIARIES (continued)

Redeemable Convertible Preference Shares

The salient features of the Redeemable Convertible Preference Shares ("RCPS") of the subsidiaries are as follows:

(a) Dividends

The holder has the right to be paid, out of such profits of the subsidiary available for distribution determined by the directors at their discretion to be distributed in respect of each financial year or other accounting period of the subsidiary, a dividend at a rate as the Board of Directors shall determine from time to time.

(b) Voting rights

The RCPS carry rights to vote at any general meeting of the subsidiary if:

(i) any resolution is proposed for the winding up of the subsidiary, in which case the holder of the RCPS may only then vote at such general meeting on the election of a chairman, any motion for adjournment and the resolution for winding up; or

(ii) the meeting is convened for the purpose of considering the reduction of the capital of the subsidiary; or

(iii) the meeting is relating to any dividend or part thereof unpaid on any RCPS; or

(iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCPS; in which event the holder of the RCPS shall have such number of votes for each RCPS registered in his name equivalent to the number of ordinary shares, which solely for the purpose of calculating the number of votes of the holder of the RCPS is entitled to, one RCPS held by the holder of RCPS shall be deemed to be equivalent to one of ordinary share of the subsidiary. The holder of the RCPS shall further be entitled to speak, demand a poll, to move resolutions and participate in the meeting of the shareholders of RCPS of the subsidiary.

(c) Redemption

(i) Subject to the provision of Section 72 of the Companies Act, 2016, the subsidiary shall have the right to redeem all or any of the RCPS at RM100 only per RCPS at anytime after the date of issuance of RCPS; and

(ii) no RCPS redeemed by the subsidiary shall be capable of reissue.

(d) Conversion

The subsidiary is entitled, at any time during the period commencing on the date of issuance of RCPS to convert all or any of the RCPS registered in the name of each holder of the RCPS. Each RCPS is convertible into 100 ordinary shares in the share capital of the subsidiary.

(e) Capital

The holder has the right on winding up or other return of capital (other than on the redemption of the RCPS) to receive, in priority to the holders of any other class of shares in the capital of the subsidiary.

15. INVESTMENT IN SUBSIDIARIES (continued)

Non-controlling interests

The subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	PT Sawit Prima Sakti RM	Vista Haruman Development Sdn. Bhd. RM	Individually immaterial subsidiaries RM	Total RM
2017							
NCI percentage of ownership interest and voting power	40%	5%	35%	25%	45%	-	-
Carrying amount of NCI	18,455,906	1,110,652	4,465,723	2,352,177	4,158,894	282,808	30,826,160
Profit/(Loss) allocated to NCI	(1,341,925)	740,408	(734,793)	(2,885,027)	1,406,633	(549,018)	(3,363,722)
Total comprehensive income/(loss) allocated to NCI	(1,341,925)	526,482	(734,793)	(2,846,637)	1,406,633	(549,018)	(3,539,258)

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	PT Sawit Prima Sakti RM	Vista Haruman Development Sdn. Bhd. RM	Individually immaterial subsidiaries RM	Total RM
2016							
NCI percentage of ownership interest and voting power	40%	5%	35%	25%	45%	-	-
Carrying amount of NCI	19,797,831	584,170	5,200,516	5,198,814	2,752,261	837,170	34,370,762
Profit/(Loss) allocated to NCI	5,299,317	2,109,584	(159,368)	89,063	2,583,349	(785,397)	9,136,548
Total comprehensive income/(loss) allocated to NCI	5,299,317	2,037,384	(159,368)	54,410	2,583,349	(785,397)	9,029,695

15. INVESTMENT IN SUBSIDIARIES (continued)

The financial information of the subsidiaries, namely Amona Metro Development Sdn. Bhd., PT Maju Kalimantan Hadapan, Alif Mesra Sdn. Bhd., PT Sawit Prima Sakti and Vista Haruman Development Sdn. Bhd. that have material NCI before intra-group elimination are as follows:

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	PT Sawit Prima Sakti RM	Vista Haruman Development Sdn. Bhd. RM
2017					
Assets and liabilities					
Non-current assets	-	370,195,155	1,069,153	69,628,096	507,300
Current assets	113,646,445	65,035,623	36,280,368	6,435,830	105,395,649
Non-current liabilities	(50,297,700)	(272,993,846)	(22,700,000)	(24,447,815)	(48,568,065)
Current liabilities	(16,588,779)	(140,051,429)	(1,890,311)	(42,207,404)	(48,092,900)
Non-controlling interests	(620,204)	-	-	-	-
Net assets	46,139,762	22,185,503	12,759,210	9,408,707	9,241,984
Results					
Revenue	4,238,000	260,538,361	-	4,046,478	34,269,736
Profit for the financial year	(3,354,813)	14,802,236	(2,099,409)	(11,540,106)	3,125,850
Total comprehensive income	(3,354,813)	10,525,424	(2,099,409)	(11,386,549)	3,125,850

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	PT Sawit Prima Sakti RM	Vista Haruman Development Sdn. Bhd. RM
2016					
Assets and liabilities					
Non-current assets	84,751,650	394,022,125	84,320	72,017,292	282,700
Current assets	35,868,714	63,599,962	23,776,419	6,710,481	101,833,343
Non-current liabilities	(53,648,500)	(385,129,483)	(8,400,000)	(47,756,069)	(60,642,797)
Current liabilities	(16,166,625)	(60,832,526)	(602,120)	(10,176,448)	(35,357,112)
Non-controlling interests	(1,310,664)	-	-	-	-
Net assets	49,494,575	11,660,078	14,858,619	20,795,256	6,116,134
Results					
Revenue	1,629,280	205,954,589	-	398,697	45,836,402
Profit for the financial year	13,248,292	42,107,470	(455,336)	356,252	5,740,775
Total comprehensive income	13,248,292	40,666,346	(455,336)	217,641	5,740,775

15. INVESTMENT IN SUBSIDIARIES (continued)

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	PT Sawit Prima Sakti RM	Vista Haruman Development Sdn. Bhd. RM
2017					
Cash flows from/(used in):					
Operating activities	(5,804,123)	29,121,060	(13,938,388)	(2,492,838)	3,825,939
Investing activities	(4,389,217)	(10,048,369)	-	(2,616,620)	-
Financing activities	-	(16,348,948)	13,700,000	5,330,652	(5,916,659)
Net increase/(decrease) in cash and cash equivalents	(10,193,340)	2,723,743	(238,388)	221,194	(2,090,720)
Dividends paid to NCI	-	-	-	-	-

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	PT Sawit Prima Sakti RM	Vista Haruman Development Sdn. Bhd. RM
2016					
Cash flows from/(used in):					
Operating activities	16,131,715	77,784,425	(7,230,035)	(780,644)	(21,492,077)
Investing activities	(11,379,096)	(5,613,192)	-	(7,020,820)	-
Financing activities	(9,856,000)	(69,586,327)	8,400,000	12,855,743	29,079,364
Net increase/(decrease) in cash and cash equivalents	(5,103,381)	2,584,906	1,169,965	5,054,279	7,587,287
Dividends paid to NCI	4,000,000	-	-	-	-

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group except for the covenants of the bank term loans taken by PT Maju Kalimantan Hadapan and PT Sawit Prima Sakti, subsidiaries of the Company, which restrict the ability of the subsidiaries to provide advances to other companies within the Group and to declare dividends to its shareholders until full settlement of the loans unless prior written consent is obtained from the lenders. The assets to which such restrictions apply are the cash and cash equivalents of the subsidiaries included in the consolidated financial statements amounting to RM14,679,964 (2016: RM13,766,582).

16. INVESTMENT IN ASSOCIATES

	The Group 2017 RM	The Group 2016 RM
At cost:		
Unquoted shares	8,660,000	6,700,000
Share of post-acquisition reserves	5,229,807	7,435,951
	13,889,807	14,135,951

The details of the associates, incorporated in Malaysia, are as follows:

Name of associate	Principal activities	Proportion of ownership interest and voting power held by the Group 2017	2016	Financial year end
*Rimbunan Melati Sdn. Bhd. ("RMSB")	Property development	45%	45%	31 December
^Rafflesia School (Kajang) Sdn. Bhd.	Education centre and tenant of the Group's investment property	20%	20%	31 December
~Panahome MKH Malaysia Sdn. Bhd.	General construction	49%	49%	31 March

* Interest held through Dapat Jaya Builder Sdn. Bhd.

^ Interest held through Metro Tiara (M) Sdn. Bhd.

~ Interest held through Kajang Resources Corporation Sdn. Bhd. ("KRC"). In the current financial year, KRC subscribed for 1,960,000 (2016: 2,450,000) new ordinary shares in the associate.

The above associates are accounted for using the equity method in the consolidated financial statements.

16. INVESTMENT IN ASSOCIATES (continued)

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	The Group	
	2017 RM	2016 RM
RMSB		
Non-current assets	1,536	4,033
Current assets	26,073,658	31,589,678
Current liabilities	(4,522,748)	(5,435,997)
Net assets	21,552,446	26,157,714
Results		
Revenue	-	-
Loss for the financial year	(4,605,268)	(783,293)
Total comprehensive loss	(4,605,268)	(783,293)

The reconciliation of net assets to carrying amount of the associates is as follows:

	RMSB RM	Individually immaterial associates RM	Total RM
2017			
Group's share of net assets	9,698,601	4,191,206	13,889,807
Group's share of results in associates	(2,072,371)	(133,773)	(2,206,144)
Dividend received from associates	-	-	-
2016			
Group's share of net assets	11,770,971	2,364,980	14,135,951
Group's share of results in associates	(352,482)	(466,045)	(818,527)
Dividend received from associates	-	-	-

17. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2017 RM	2016 RM
Freehold land		
At beginning of year	538,758,245	254,567,910
Additions	11,410,116	289,888,335
Transfer from joint venture deposits for land development (Note 19 (h))	-	22,701,000
Property development costs written off	-	(112,722)
Reclassification from/(to) development cost	838,136	(4,314,164)
Transfer to property development costs (Note 20)	(40,745,028)	(23,972,114)
At end of year	510,261,469	538,758,245
Leasehold land		
At beginning of year	279,382,137	117,955,124
Additions	20,949	32,231,379
In respect of subsidiary acquired (Note 30)	-	78,123,647
Reversal of provision for landowners' entitlement	(1,205,132)	-
Transfer to non-current assets held for sale (Note 23)	(7,408,134)	(4,622,647)
Transfer (to)/from property development costs (Note 20)	(115,446,844)	55,694,634
At end of year	155,342,976	279,382,137
Total land	665,604,445	818,140,382
Development costs		
At beginning of year	250,684,144	187,001,104
Additions	65,928,950	70,244,104
In respect of subsidiary acquired (Note 30)	-	276,353
Reclassification (to)/from land cost	(838,136)	4,314,164
Property development cost written off	-	(71,452)
Transfer to non-current assets held for sale (Note 23)	(7,659,714)	(2,859,043)
Transfer to property development costs (Note 20)	(51,523,091)	(8,221,086)
At end of year	256,592,153	250,684,144
Total land and development costs	922,196,598	1,068,824,526
Less: Accumulated impairment loss		
At beginning and end of year	(6,284,988)	(6,284,988)
	915,911,610	1,062,539,538

17. LAND HELD FOR PROPERTY DEVELOPMENT (continued)

Included in land held for property development are:

(i) freehold land amounting to RM169,678,150 (2016: RM169,678,150) which have been pledged for term loan and revolving credit facilities granted to certain subsidiaries as disclosed in Note 28;

(ii) leasehold land amounting to RM19,040,009 (2016: RM19,040,009) which have been charged for revolving credit facilities granted to certain subsidiaries as disclosed in Note 28; and

(iii) freehold and leasehold land amounting to RM257,621,706 (2016: RM315,394,076) represent entitlements of the landowners pursuant to joint land development agreements to undertake property development projects. The titles to the development land will be transferred from landowners to the property purchasers.

18. DEFERRED TAX ASSETS AND LIABILITIES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets				
At beginning of year	29,357,648	34,736,511	-	675,830
Recognised in profit or loss (Note 8)	4,575,453	(5,378,863)	-	(675,830)
At end of year	33,933,101	29,357,648	-	-
Deferred tax liabilities				
At beginning of year	(64,545,058)	(47,355,540)	(62,926)	-
Recognised in profit or loss (Note 8)	5,268,338	(6,026,598)	(1,400)	(62,926)
Recognised in other comprehensive income (Note 8)	212,071	(356,408)	-	-
In respect of subsidiaries acquired (Note 30)	-	(10,955,563)	-	-
Effect of movements in exchange rate	26,926	149,051	-	-
At end of year	(59,037,723)	(64,545,058)	(64,326)	(62,926)

18. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Deferred tax assets and liabilities are attributable to the following:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets				
Deductible temporary differences arising from:				
Property, plant and equipment	703,943	777,593	-	-
Land held for property development	903,700	-	-	-
Property development costs	21,022,200	19,227,400	-	-
Receivables and deposits	542,128	848,425	-	-
Payables and accruals	9,844,330	8,416,330	-	-
Unused tax losses	916,800	87,900	-	-
	33,933,101	29,357,648	-	-
Deferred tax liabilities				
Taxable temporary differences arising from:				
Property, plant and equipment	(1,280,692)	(2,445,381)	7,504	8,904
Biological assets	(7,962,805)	(7,606,634)	-	-
Investment properties	(2,957,506)	(2,957,506)	-	-
Property development costs	2,220,508	1,341,908	-	-
Inventories	765,900	-	-	-
Receivables and deposits	(192,225)	(779,257)	-	-
Provisions	2,863,387	2,436,292	-	-
Payables and accruals	(1,050,200)	(232,960)	-	-
Surplus arising from revaluation of land and buildings	(6,835,817)	(7,054,975)	(71,830)	(71,830)
Fair value adjustment in respect of investment properties	(6,656,265)	(6,505,865)	-	-
Fair value adjustment in respect of subsidiaries acquired	(39,431,108)	(41,634,428)	-	-
Unused tax losses	1,137,800	893,748	-	-
Unabsorbed capital allowances	341,300	-	-	-
	(59,037,723)	(64,545,058)	(64,326)	(62,926)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-current					
Trade					
Loan receivables	(a)	20,766,372	3,619,253	-	-
Trade receivables	(d)	855,493	2,090,368	-	-
Non-trade					
Amount due from subsidiaries	(f)	-	-	296,690,339	210,114,101
Less: Allowance for impairment loss		-	-	(178,000)	(178,000)
		-	-	296,512,339	209,936,101
Prepayments	(b)	8,152,285	6,317,113	-	-
Other receivables	(c)	1,169,973	1,171,687	-	-
		30,944,123	13,198,421	296,512,339	209,936,101
Current					
Trade					
Trade receivables		162,995,590	146,572,862	-	-
Less: Allowance for impairment loss		(915,545)	(933,700)	-	-
	(d)	162,080,045	145,639,162	-	-
Finance lease receivables	(e)	890	890	-	-
Loan receivables	(a)	266,307	135,362	-	-
		162,347,242	145,775,414	-	-
Non-trade					
Amount due from subsidiaries	(f)	-	-	4,344,703	2,995,784
Other receivables	(g)	22,063,013	23,728,816	44,710	47,930
Less: Allowance for impairment loss		(550,764)	(607,247)	(43,730)	(47,930)
		21,512,249	23,121,569	980	-
Deposits for development land acquisition		100,000	250,000	-	-
Joint venture deposits for land development	(h)	16,104,969	15,900,036	-	-
Other deposits	(i)	17,922,259	13,027,174	33,000	33,000
Prepayments	(j)	48,779,100	28,060,482	-	-
		266,765,819	226,134,675	4,378,683	3,028,784

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(a) Loan receivables

	The Group 2017 RM	The Group 2016 RM
Term loan (business)	21,028,947	3,750,883
Other loan	3,732	3,732
	21,032,679	3,754,615

The maturity profile of loan receivables, net of allowance for impairment loss, is as follows:

	Term loan RM	Other loan RM	Total RM
2017			
Fixed rate instruments			
Receivable within 1 year	262,575	3,732	266,307
Receivable after 1 year but not later than 2 years	5,435,192	-	5,435,192
Receivable after 2 years but not later than 3 years	158,180	-	158,180
Receivable after 3 years but not later than 4 years	15,173,000	-	15,173,000
	21,028,947	3,732	21,032,679
2016			
Fixed rate instruments			
Receivable within 1 year	131,630	3,732	135,362
Receivable after 1 year but not later than 2 years	82,689	-	82,689
Receivable after 2 years but not later than 3 years	82,689	-	82,689
Receivable after 3 years but not later than 4 years	3,453,875	-	3,453,875
	3,750,883	3,732	3,754,615

The loan receivables bear effective interest at rates ranging from 5.0% to 12.0% (2016: 5.0% to 12.0%) per annum.

(b) This is in respect of property infrastructure costs incurred on a plot of land leased from RAC for a period of 60 years for future construction of a retail mall.

(c) This is in respect of an amount due from Plasma Farmers Cooperative in Indonesia. In accordance with the Indonesian Government policy, a subsidiary assumes the responsibilities to develop plantation for small land holders (known as Plasma Farmers) in addition to its own plantation. The subsidiary is also required to train and supervise the Plasma Farmers and purchase the fresh fruit bunches from the farmers at prices determined by the Government. The amount is unsecured, interest-free, to be settled in cash not within one year. In the previous financial year, the Group reclassified a plasma receivable amounted to RM1,237,452 to current receivables upon its active sales of fresh fruit bunches to plantation.

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(d) Trade receivables

(i) The Group's normal trade credit term ranges from 7 to 90 days (2016: 7 to 90 days).

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

	The Group 2017 RM	The Group 2016 RM
Neither past due nor impaired	147,235,616	123,726,361
1 to 30 days past due not impaired	9,649,393	16,223,785
31 to 60 days past due not impaired	3,224,736	4,254,613
61 to 90 days past due not impaired	775,930	334,265
More than 90 days past due not impaired	2,049,863	3,190,506
	15,699,922	24,003,169
Past due and impaired	915,545	933,700
	163,851,083	148,663,230

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly are with end financing facilities from reputable end-financiers whilst the others are creditworthy customers with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group amounting to RM15,699,922 (2016: RM24,003,169) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(d) Trade receivables (continued)

(ii) The ageing analysis of the Group's trade receivables is as follows: (continued)

Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

	The Group	
	2017	**2016**
	RM	**RM**
At beginning of year	933,700	884,353
Addition	59,906	108,808
No longer required	(64,942)	(59,461)
Written off	(13,119)	-
At end of year	915,545	933,700

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

(iii) Included in trade receivables of the Group are:

(a) retention sums amounting to RM71,415,710 (2016: RM54,274,546) held by stakeholders;

(b) amounts of RMNil (2016: RM94,425) due from key management personnel of the Group in respect of purchase of development properties of the Group which include retention sum of RMNil (2016: RM94,425) held by stakeholders;

(c) amounts of RM387,504 (2016: RM231,657) due from a corporate shareholder of a subsidiary in respect of purchase of development properties of the said subsidiary which include retention sum of RMNil (2016: RM231,657) held by stakeholders;

(d) amount of RMNil (2016: RM87,850) due from a director of the Company in respect of purchase of development properties of the Group which include retention sum of RMNil (2016: RM87,850) held by stakeholders;

(e) amount of RM30,000 (2016: RM88,150) due from a person connected to certain directors of the Company in respect of purchase of development properties of the Group which include retention sum of RM30,000 (2016: RM98,150) held by stakeholders; and

(f) amount of RM2,160,395 (2016: RM72,870) due from an associate.

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(e) Finance lease receivables

	The Group	
	2017 RM	2016 RM
Receivable within 1 year		
Gross investment in finance lease receivables	1,109,395	1,109,495
Less: Unearned finance income	(88,856)	(88,856)
Present value of minimum lease payment receivables	1,020,539	1,020,639
Less: Allowance for impairment loss		
At beginning of year	(1,019,749)	(1,020,658)
No longer required	100	909
At end of year	(1,019,649)	(1,019,749)
	890	890

The finance lease receivables bear effective interest at 8.15% (2016: 8.15%) per annum.

The maturity profile of finance lease receivables is as follows:

	The Group	
	2017 RM	2016 RM
Fixed rate instrument		
Receivable within 1 year	890	890

(f) Included in amount due from subsidiaries are unsecured amounts of:

(i) RM296,512,339 (2016: RM209,936,101) which bears interest at 5.85% (2016: 5.85%) per annum and is not expected to be settled within the next 12 months; and

(ii) RM4,344,703 (2016: RM2,995,784) which is interest-free and repayable on demand.

(g) Included in other receivables of the Group are:

(i) an amount of RM3,621,392 (2016: RM4,088,287) being indirect taxes paid in advance to tax authorities;

(ii) an amount of RM4,198,434 (2016: RM4,399,820) being amount due from Plasma Farmers Cooperative in Indonesia; and

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(g) Included in other receivables of the Group are: (continued)

(iii) an amount of RMNil (2016: RM42,350) being derivative financial assets on fair value of commodity forward contracts.

The Group uses commodity forward contracts to manage the exposure the adverse price movements in crude palm oil commodities. The fair values of these components have been determined based on published market prices or quoted prices from reputable financial institutions.

The Group recognised total fair value gain of RMNil (2016: RM42,350) arising from changes in fair value of derivative financial instruments. The method and assumption applied in determining the fair value of derivative is disclosed in Note 41.

The movement of allowance account used to record the impairment of other receivables is as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At beginning of year	607,247	3,691,676	47,930	55,955
Additions	2,000	190,992	-	-
No longer required	(58,483)	(63,621)	(4,200)	(8,025)
Written off	-	(3,211,800)	-	-
At end of year	550,764	607,247	43,730	47,930

The impaired other receivables at the reporting date relate to debtors that have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

(h) The joint venture deposits are paid to landowners in respect of Joint Venture Agreements ("Agreements") whereby the Group is responsible to implement and undertake the overall development projects on the land owned by the third parties upon fulfilment of the terms and conditions as stipulated in the Agreements. In the previous financial year, the Group reclassified joint venture deposits amounted to RM22,701,000 to land held for property development upon fulfilment of terms and conditions stipulated in the agreement as disclosed in Note 17.

(i) Included in other deposits of the Group is RM13,440,271 (2016: RM9,935,659) paid to the relevant authorities for property development projects.

(j) Included in prepayments of the Group are:

(i) RM1,290,188 (2016: RM1,576,144) paid for the acquisition of land in Indonesia;

(ii) RM28,612,485 (2016: RM6,959,695) preliminary costs incurred in respect of future property development projects. In the previous financial year, the Group reclassified certain prepayments pertaining to joint venture projects amounted to RM3,543,398 to property development costs upon fulfilment of terms and conditions as stipulated in the agreement as disclosed in Note 20;

(iii) an amount of RMNil (2016: RM5,338,776) being redemption of bridging loan; and

(iv) an amount of RM12,669,284 (2016: RM10,740,800) paid to Trustee accounts for joint development of infrastructure projects with other developers.

20. PROPERTY DEVELOPMENT COSTS

	The Group 2017 RM	The Group 2016 RM
At cost:		
Freehold land		
At beginning of year	129,253,132	122,735,500
Additions	2,437,435	15,938,828
Transfer from land held for property development (Note 17)	40,745,028	23,972,114
Transfer to inventories	(19,496,482)	(4,905,266)
Adjustment on completion of projects	(42,318,176)	(28,488,044)
At end of year	110,620,937	129,253,132
Leasehold land		
At beginning of year	179,537,672	249,955,242
Additions	476,488	54,600,436
Reversal of provision for landowners' entitlement	(744,462)	-
Transfer from prepayments (Note 19 (j) (ii))	-	3,107,300
Transfer from/(to) land held for property development (Note 17)	115,446,844	(55,694,634)
Transfer to inventories	(20,992,035)	(1,622,640)
Adjustment on completion of projects	(45,226,011)	(70,808,032)
At end of year	228,498,496	179,537,672
Development costs		
At beginning of year	496,365,587	435,082,958
Additions	405,275,857	539,675,524
Transfer from prepayments (Note 19 (j) (ii))	-	436,098
Transfer from land held for property development (Note 17)	51,523,091	8,221,086
Transfer to inventories	(82,018,190)	(54,815,831)
Adjustment on completion of projects	(339,954,973)	(432,234,248)
At end of year	531,191,372	496,365,587
Total land and development costs	870,310,805	805,156,391
Less: Costs recognised as an expense in profit or loss		
At beginning of year	420,157,582	369,818,829
Additions	402,683,106	581,869,077
Adjustment on completion of projects	(427,499,160)	(531,530,324)
At end of year	395,341,528	420,157,582
	474,969,277	384,998,809

20. PROPERTY DEVELOPMENT COSTS (continued)

Included in the above are:

(i) interest on borrowing capitalised for the financial year amounting to RM6,836,527 (2016: RM2,232,285);

(ii) titles of freehold land amounting to RMNil (2016: RM8,995,229) which have been deposited with a financial institution for term loan and revolving credit facilities granted to certain subsidiaries as disclosed in Note 28;

(iii) titles of freehold land amounting to RM8,734,375 (2016: RM18,285,715) which have been pledged with a financial institution for term loan facility granted to certain subsidiaries as disclosed in Note 28;

(iv) titles of leasehold land amounting to RM116,905,077 (2016: RM37,330,196) which have been pledged with a financial institution for term loan facility granted to certain subsidiaries as disclosed in Note 28; and

(v) freehold and leasehold land amounting to RM181,145,276 (2016: RM186,281,946) represent entitlements of the landowners pursuant to joint venture and joint land development agreements to undertake property development projects. The titles to the development land will be transferred from landowners to the property purchasers.

21. INVENTORIES

	The Group	
	2017 RM	2016 RM
At cost:		
Raw materials	512,371	574,415
Work-in-progress	639,863	457,949
Finished goods	1,424,203	1,244,561
Food and beverages	43,047	44,068
Plantation consumables	6,231,775	5,476,872
Fertilizers	1,508,120	7,271,831
Crude palm oil and palm kernel	7,455,514	8,669,973
Completed development properties	134,970,018	70,371,273
	152,784,911	94,110,942
At net realisable value:		
Completed development properties	400,000	-
	153,184,911	94,110,942

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM270,014,521 (2016: RM250,776,409).

During the financial year, the Group transferred completed inventories amounted to RM7,492,099 to investment properties as disclosed in Note 14 due to the change in management intention.

22. CASH, BANK BALANCES, TERM DEPOSITS AND FIXED INCOME FUNDS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deposits with licensed banks	8,830,105	16,239,439	-	-
Cash and bank balances	132,260,508	105,127,118	12,145,700	267,497
Cash held under housing development accounts	91,347,222	161,725,882	-	-
Fixed income funds:				
Redeemable at call	10,378,499	15,389,739	-	-
Redeemable upon 1 day notice	11,183,738	2,331,389	-	-
Redeemable upon 5 days notice	10,609,703	4,273,583	-	-
	264,609,775	305,087,150	12,145,700	267,497

The deposits bear effective interest at rates ranging from 1.65% to 3.67% (2016: 0.40% to 3.67%) per annum with maturity period ranging from 15 days to 365 days (2016: 15 days to 365 days).

Fixed income funds represent investment in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash held under housing development accounts represent amounts placed in Housing Development Accounts ("HDA") in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 (Amended 2002). These HDA accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred. The surplus monies in these accounts, if any, will be released to the Group in accordance with the provisions of the Act.

The non-short term and highly liquid fixed deposits of RM4,312,380 (2016: RM5,175,335) included in deposit with licensed banks have maturity period of more than 3 months.

Cash and cash equivalents held by the Group which are not freely available for general use are as follows:

(i) deposits amounting to RM2,000,000 (2016: RM2,400,000) pledged for bank guarantee facilities granted to a subsidiary;

(ii) bank balances of RM16,480,238 (2016: RM14,311,662) pledged as restricted fund held as security for the credit facilities as disclosed in Note 28; and

(iii) deposit and bank balances of RM24,377 (2016: RM20,333) held under sinking fund account for the recreational club.

23. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group 2017 RM	2016 RM
At cost:		
At beginning of year	7,481,690	-
Transfer from land held for property development (Note 17)	15,067,848	7,481,690
At end of year	22,549,538	7,481,690

The subsidiary of the Group entered into sales and purchase agreements with:

(i) third party on 6 January 2016 for the disposal of a parcel of leasehold land located at Hillpark Shah Alam, for a total cash consideration of RM9,500,000;

(ii) third party on 16 January 2017 for the disposal of a parcel of leasehold land located at Hillpark Shah Alam, for a total cash consideration of RM7,587,739; and

(iii) third party on 16 May 2017 for disposal of a parcel of leasehold land located at Hillpark Shah Alam, for a total cash consideration of RM11,273,000.

As of the date of the financial statements were authorised for issue, the said disposals are still pending fulfilment of conditions precedent.

24. SHARE CAPITAL

	The Group and The Company 2017 Number of shares	RM	2016 Number of shares	RM
Authorised:				
Ordinary shares	-	-	1,000,000,000	1,000,000,000

	The Group and The Company 2017 Number of shares	RM	2016 Number of shares	RM
Issued and fully paid-up:				
Ordinary shares				
At beginning of year	419,443,984	419,443,984	419,407,284	419,407,284
Issuance of shares pursuant to:				
- rights issue	42,625,187	80,561,603	-	-
- bonus issue	85,250,374	85,250,374	-	-
- warrants	15,582,377	28,978,631	36,700	36,700
Transfer from share premium	-	785,179	-	-
Share issue expenses	-	(1,704,487)	-	-
At end of year	562,901,922	613,315,284	419,443,984	419,443,984

24. SHARE CAPITAL (continued)

The Company's authorised and issued and fully paid-up share capital in 2016 comprises ordinary shares with a par value of RM1 each. The Companies Act, 2016 (the "Act"), which came into effect on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

Consequently, balances within the share premium account have been transferred to the share capital account pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company has elected to utilise its share premium account of RM785,179 for purposes stipulated in Section 618 (3) of the Act for a transitional period of 24 months from 31 January 2017.

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

During the financial year, the issued and paid-up share capital of the Company increased from RM419,443,984 to RM613,315,284 by way of the following:

(i) renounceable rights issue of 42,625,187 rights shares on the basis of one (1) rights share for every ten (10) existing MKH shares at an issue price of RM1.89 for each rights share and net of share issue expenses of RM1,704,487;

(ii) bonus issue of 85,250,374 new ordinary shares via capitalisation from retained earnings on the basis of two (2) bonus shares for every one (1) rights share subscribed by the shareholders;

(iii) exercise of 6,807,895 warrants for 6,807,895 ordinary shares at a subscription price of RM1.89 per share;

(iv) exercise of 8,774,482 warrants for 8,774,482 ordinary shares at a subscription price of RM1.55 per share; and

(v) transfer from share premium of RM785,179 pursuant to section 618 (2) of the Act.

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

25. RESERVES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable				
Share premium	-	57,081	-	57,081
Translation reserve	(3,428,618)	(560,874)	-	-
Revaluation reserve	23,533,537	23,533,537	646,907	646,907
Warrant reserve	4,761,173	8,000,533	4,761,173	8,000,533
	24,866,092	31,030,277	5,408,080	8,704,521
Distributable				
Retained earnings	838,813,182	825,810,815	345,514,351	412,721,156
	863,679,274	856,841,092	350,922,431	421,425,677

25. RESERVES (continued)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings.

Warrant reserve

On 31 December 2012, the Company allotted and issued 29,104,378 free warrants constituted under the deed poll dated 23 November 2012.

The salient features of the warrants are as follows:

(i) entitles its registered holders to subscribe for one (1) new ordinary share at the exercise price during the exercise period;

(ii) the exercise price is RM2.26 per share subject to adjustments in accordance with the provisions of the deed poll executed; and

(iii) the warrants may be exercised at any time for a period of five years from 31 December 2012 to 30 December 2017 ("exercise period"). Warrants that are not exercised during the exercise period will thereafter lapse and become void.

The exercise price was adjusted to RM1.89 and RM1.55 per share pursuant to the bonus issue on 20 May 2014 and rights with bonus issue on 1 June 2017 respectively.

The movement in the Company's warrants to subscribe for new ordinary shares during the financial year is as follows:

	Number of warrants			
	At 1 October 2016	Adjustment for rights with bonus issue	Exercised	At 30 September 2017
Number of warrants	34,583,440	6,094,716	(15,582,377)	25,095,779

The weighted average quoted price of shares of the Company at the time when the warrants were exercised was RM2.63 (2016: RM2.53).

Retained earnings

Distributable reserves are those available for distribution as dividends. The entire retained earnings of the Company are available to be distributed as single tier dividends to the shareholders of the Company.

26. PROVISIONS

	Post-employment benefit obligations RM	Retirement gratuity RM	Total RM
The Group			
2017			
At beginning of year	10,352,428	19,595,520	29,947,948
Provision during the financial year	832,705	587,866	1,420,571
Incurred during the financial year	(352,618)	-	(352,618)
Remeasurement losses on defined benefit plans:			
Actuarial loss arising from experience adjustments	848,285	-	848,285
Effect of movements in exchange rate	(227,254)	-	(227,254)
At end of year	11,453,546	20,183,386	31,636,932
2016			
At beginning of year	6,310,729	19,595,520	25,906,249
Provision during the financial year	2,357,525	-	2,357,525
In respect of subsidiary acquired (Note 30)	418,548	-	418,548
Incurred during the financial year	(223,580)	-	(223,580)
Remeasurement losses on defined benefit plans:			
Actuarial loss arising from experience adjustments	1,028,501	-	1,028,501
Effect of movements in exchange rate	460,705	-	460,705
At end of year	10,352,428	19,595,520	29,947,948

The above provisions are classified as follows:

	Post-employment benefit obligations RM	Retirement gratuity RM	Total RM
The Group			
2017			
Non-current	11,453,546	-	11,453,546
Current	-	20,183,386	20,183,386
	11,453,546	20,183,386	31,636,932
2016			
Non-current	10,352,428	-	10,352,428
Current	-	19,595,520	19,595,520
	10,352,428	19,595,520	29,947,948

26. PROVISIONS (continued)

(a) Post-employment benefit obligations

Two subsidiaries of the Company in Indonesia operate unfunded defined benefit schemes, as required under the Labour Law of the Republic of Indonesia. The defined benefit schemes expose the Group to actuarial risks, such as longevity risk and interest rate risk.

The amount recognised in the consolidated statement of financial position is determined as follows:

	The Group	
	2017 RM	2016 RM
Present value of obligations	11,453,546	10,352,428

Movement in the present value of unfunded defined benefit scheme in the current financial year are as follows:

	The Group	
	2017 RM	2016 RM
At beginning of year	10,352,428	6,310,729
Amounts recognised in profit or loss (Note 6):		
Current service costs	5,549,694	3,706,754
Interest on obligation	643,133	613,755
Past service cost	(5,360,122)	(1,962,984)
	832,705	2,357,525
In respect of subsidiary acquired	-	418,548
Amounts recognised in other comprehensive income:		
Remeasurement loss	848,285	1,028,501
Benefit paid	(352,618)	(223,580)
Effect of movements in exchange rates	(227,254)	460,705
At end of year	11,453,546	10,352,428

26. PROVISIONS (continued)

(a) Post-employment benefit obligations(continued)

The defined benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions at reporting date are as follows:

	The Group	
	2017	**2016**
Discount rate	7.5%	8.00% - 9.80%
Future salary increase	10%	10%
Mortality rate	100%TMI3	100% TMI3
Resignation rate	4% - 9% until age of 30 - 32 then decrease linearly to 0% at age of 55	4% - 9% until age of 30 - 32 then decrease linearly to 0% at age of 55
Disability	5% of mortality rate	5% of mortality rate
Normal retirement age	55	55 - 60

Sensitivity analysis

The sensitivity analysis below has been determined based on reasonably possible changes in the discount rate and future salary increase occurring at the reporting date, while holding all other assumptions constant.

	The Group Increase/(Decrease) in profit	
	2017 RM	**2016 RM**
Discount rate increase by 1%	1,260,891	1,174,820
Discount rate decrease by 1%	(1,507,646)	(1,416,722)
Future salary increase by 1%	(1,472,743)	(1,384,724)
Future salary decrease by 1%	1,258,670	1,173,397

The sensitivity analysis presented above has been determined using deterministic method and may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

At 30 September 2017, the weighted-average duration of the defined benefit obligation was 17.95 to 21.90 years (2016: 16.62 to 26.74 years).

26. PROVISIONS (continued)

(a) Post-employment benefit obligations(continued)

Sensitivity analysis (continued)

The benefits, which reflect the expected future services, as appropriate are expected to be paid as follows:

	The Group	
	2017 RM	2016 RM
Within 1 year	577,278	711,617
Between 2 and 5 years	4,440,283	4,237,300
After 5 years	15,087,817	13,532,234
	20,105,378	18,481,151

(b) Retirement gratuity

Provision for retirement gratuity are for certain eligible directors. The accounting policy in respect of the retirement gratuity scheme is disclosed in Note 3(f)(iii).

27. PAYABLES AND ACCRUALS

		The Group		The Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-current					
Landowners' entitlement	(a)	326,856,547	424,354,259	-	-
Retention sum payable to subcontractors after one year		19,655,167	27,264,938	-	-
		346,511,714	451,619,197	-	-
Current					
Trade					
Trade payables	(b)	225,103,708	280,424,775	-	-
Landowners' entitlement	(a)	108,362,901	102,784,809	-	-
Retention sum payable to subcontractors within one year		52,638,403	35,502,529	-	-

27. PAYABLES AND ACCRUALS (continued)

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Non-trade					
Amount due to subsidiaries	(c)	-	-	12,720	12,720
Deferred revenue	(d)	16,308,921	-	-	-
Other payables	(e)	25,227,206	41,159,229	341,247	193,350
Deposits received	(f)	16,752,330	11,454,445	-	-
Advances from customers	(g)	5,997,888	5,676,750	-	-
Accruals	(h)	47,109,342	49,286,404	990,767	509,294
		497,500,699	526,288,941	1,344,734	715,364

(a) These are in respect of payable for landowners' entitlement under deferred payment term pursuant to the joint land development agreements and joint venture agreements entered into with the landowners. Pursuant to the said agreements, the entitlements are determined based on agreed percentage on the total gross development value net of trade discount, where applicable, of the property development projects. These deferred payables are measured at amortised cost at imputed interest rates ranging from 5.61% to 10.00% (2016: 5.15% to 10.00%) per annum.

(b) The normal trade credit term granted to the Group ranges from 7 to 90 days (2016: 7 to 90 days) unless as specified in the agreements.

Included in trade payables is amount due to an associate of the Group of RMNil (2016: RM68,423).

(c) Amount due to subsidiaries of the Company is unsecured, interest-free and repayable on demand.

(d) The deferred revenue arises in respect of the progress billings issued in relation to the disposal of inventories and is expected to be recognised within 12 months.

(e) Included in other payables of the Group in previous financial year were outstanding purchase acquisition of a subsidiary in Indonesia of RM13,500,000, which was due upon the completion of the registration of sale shares with Investment Coordination Board (Badan Koordinasi Penanaman Modal or "BKPM"), Public Authorities and other competent authorities. The Group has on 9 December 2016 completed the acquisition.

(f) Included in deposits received of the Group are:

(i) an amount of RM8,894,376 (2016: RM8,104,531) being rental, utilities and other deposits received from tenants;

(ii) an amount of RM2,957,711 (2016: RM1,186,226) being downpayment received from purchasers for disposal of 3 parcels (2016: 1 parcel) of leasehold lands as disclosed in Note 23; and

(iii) an amount of RM2,616,463 (2016: RMNil) being downpayment from purchasers of development properties.

(g) This represents downpayment from purchasers of crude palm oil and palm kernel.

(h) Included in accruals are accrued legal and professional fees and agents commission totalling RM35,179,447 (2016: RM35,089,049) in respect of on-going property development projects.

28. LOANS AND BORROWINGS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-current				
Term loans				
Secured:				
RM	108,043,061	160,644,927	-	-
United States Dollar	193,813,565	279,381,472	-	-
Revolving credits				
Secured:				
RM	141,130,907	155,174,058	-	-
Finance lease liabilities				
RM	1,151,820	1,892,162	-	-
Balance carried down	444,139,353	597,092,619	-	-
Current				
Term loans				
Secured:				
RM	55,833,339	26,263,030	-	-
United States Dollar	28,504,262	28,694,702	-	-
Unsecured:				
RM	3,000,000	15,000,000	-	-
Bridging loans				
Secured:				
RM	6,306,911	-	-	-
Revolving credits				
Secured:				
RM	117,476,301	100,500,430	-	-
United States Dollar	53,438,636	-	-	-
Unsecured:				
RM	60,500,000	54,350,000	60,500,000	49,350,000
Bank overdrafts				
Secured:				
RM	1,987,551	10,221,550	-	-
Unsecured:				
RM	508,170	5,778,419	-	4,350,721
Finance lease liabilities				
RM	822,294	818,586	-	-
Indonesian Rupiah	-	43,458	-	-
	328,377,464	241,670,175	60,500,000	53,700,721
	772,516,817	838,762,794	60,500,000	53,700,721

28. LOANS AND BORROWINGS (continued)

The maturity profile of loans and borrowings of the Group is as follows:

The Group 2017	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
Fixed rate instrument							
Finance lease liabilities							
RM	1,974,114	822,294	675,813	381,818	87,304	6,885	-
Floating rate instruments							
Term loans							
Secured:							
RM	163,876,400	55,833,339	50,371,199	22,863,163	12,839,227	12,839,227	9,130,245
United States Dollar	222,317,827	28,504,262	53,797,516	45,387,965	45,539,940	40,610,389	8,477,755
Unsecured:							
RM	3,000,000	3,000,000	-	-	-	-	-
Bridging loan							
Secured:							
RM	6,306,911	6,306,911	-	-	-	-	-
Revolving credits							
Secured:							
RM	258,607,208	117,476,301	34,766,227	22,881,750	22,000,000	61,482,930	-
United States Dollar	53,438,636	53,438,636	-	-	-	-	-
Unsecured:							
RM	60,500,000	60,500,000	-	-	-	-	-
Bank overdrafts							
Secured:							
RM	1,987,551	1,987,551	-	-	-	-	-
Unsecured:							
RM	508,170	508,170	-	-	-	-	-
	770,542,703	327,555,170	138,934,942	91,132,878	80,379,167	114,932,546	17,608,000
	772,516,817	328,377,464	139,610,755	91,514,696	80,466,471	114,939,431	17,608,000

28. LOANS AND BORROWINGS (continued)

The Group 2016	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
Fixed rate instrument							
Finance lease liabilities							
RM	2,710,748	818,586	804,938	657,516	362,581	67,127	-
Indonesian Rupiah	43,458	43,458	-	-	-	-	-
	2,754,206	862,044	804,938	657,516	362,581	67,127	-
Floating rate instruments							
Term loans							
Secured:							
RM	186,907,957	26,263,030	41,945,525	39,763,531	33,341,374	20,339,227	25,255,270
United States Dollar	308,076,174	28,694,702	90,946,101	101,039,503	82,503,161	4,892,707	-
Unsecured:							
RM	15,000,000	15,000,000	-	-	-	-	-
Revolving credits							
Secured:							
RM	255,674,488	100,500,430	33,848,051	31,996,227	22,281,750	22,000,000	45,048,030
Unsecured:							
RM	54,350,000	54,350,000	-	-	-	-	-
Bank overdrafts							
Secured							
RM	10,221,550	10,221,550	-	-	-	-	-
Unsecured:							
RM	5,778,419	5,778,419	-	-	-	-	-
	836,008,588	240,808,131	166,739,677	172,799,261	138,126,285	47,231,934	70,303,300
	838,762,794	241,670,175	167,544,615	173,456,777	138,488,866	47,299,061	70,303,300

28. LOANS AND BORROWINGS (continued)

The Company	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
2017							
Floating rate instruments							
Revolving credits							
Unsecured:							
RM	60,500,000	60,500,000	-	-	-	-	-
2016							
Floating rate instruments							
Revolving credits							
Unsecured:							
RM	49,350,000	49,350,000	-	-	-	-	-
Bank overdraft							
Unsecured:							
RM	4,350,721	4,350,721	-	-	-	-	-
	53,700,721	53,700,721	-	-	-	-	-

28. LOANS AND BORROWINGS (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

The Group	2017 Future minimum lease payments RM	2017 Finance charges RM	2017 Present value of minimum lease payments RM	2016 Future minimum lease payments RM	2016 Finance charges RM	2016 Present value of minimum lease payments RM
Less than one year	895,491	73,197	822,294	971,026	108,982	862,044
Between one and five years	1,203,428	51,608	1,151,820	2,007,968	115,806	1,892,162
	2,098,919	124,805	1,974,114	2,978,994	224,788	2,754,206

The finance lease liabilities bear effective interest at rates ranging from 0.88% to 6.71% (2016: 0.88% to 16.00%) per annum.

The term loans, bridging loan and revolving credits bear effective interest at rates ranging from 3.90% to 7.20% (2016: 3.85% to 7.20%) per annum.

The bank overdrafts bear effective interest at rates ranging from 7.60% to 7.65% (2016: 5.11% to 8.10%) per annum. **Unsecured bank overdrafts** are supported by corporate guarantee of the Group and of the Company.

Term loan I of RMNil (2016: RM975,000) is repayable by 40 quarterly principal instalments of RM325,000 each over 10 years commencing from the third month from the day of first drawdown and is secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary; and

(b) corporate guarantee of the Company;

(c) deposit of titles of the freehold land held for property development of a subsidiary; and

(d) debenture by way of fixed and floating charge over the freehold land held for property development and leasehold land and building of subsidiaries.

The term loan has been fully settled during the year and leasehold land and building has been discharged on 21 November 2017.

28. LOANS AND BORROWINGS (continued)

Term loan II of RMNil (2016: RM5,334,754) is part of the total term loan of RM30,000,000 which is repayable by 8 equal quarterly principal instalments of RM3,750,000 each over 4 1/2 years commencing on the first day of the 33rd month following the date of first drawdown or payment by way of redemption whichever is earlier. **Secured revolving credit I** of RM49,444,000 (2016: RM39,744,000) is part of the total revolving credit of RM50,000,000 which is repayable by way of redemption upon the full settlement of secured revolving credit II. **Secured revolving credit II** of RM100,038,930 (2016: RM93,304,030) is part of the total revolving credit of RM110,000,000 which is repayable by 10 equal half yearly principal instalments of RM11,000,000 each over 8 years commencing on the first day of the 42nd month following the date of first drawdown or payment by way of redemption whichever is earlier. The term loans and revolving credits are secured and supported as follows:

(a) legal charge over the freehold land for property development of a subsidiary;

(b) corporate guarantee of the Company;

(c) general debenture over a subsidiary; and

(d) 3rd party specific debenture by way of fixed and floating charge over the land held for property development of subsidiary.

Term loan III of RM190,544,167 (2016: RMNil) is repayable in 20 quarterly principal instalments commencing 9th month from the day of first drawdown. **Secured revolving credit III** of RM53,438,636 (2016: RMNil) is repayable on demand. The term loan and revolving credits are secured and supported as follows:

(a) legal charge over the oil palm plantation land of a subsidiary in Indonesia;

(b) pledged of shares of a subsidiary; and

(c) corporate guarantee of the Company.

Term loan IV of RMNil (2016: RM268,685,735) is repayable in 20 quarterly principal instalments commencing 27th month from the day of first drawdown and is secured and supported as follows:

(a) facility agreement and security sharing agreement;

(b) legal charge over the oil palm plantation land of a subsidiary in Indonesia;

(c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;

(d) charge over a designated bank account of a subsidiary in Indonesia;

(e) corporate guarantee of the Company;

(f) pledged of shares of a subsidiary;

(g) assignment over all applicable insurance policies; and

(h) negative pledge over a subsidiary's assets.

The term loan has been restructured to term loan III and secured revolving credit III during the year.

28. LOANS AND BORROWINGS (continued)

Term loan V of RM684,129 (2016: RM1,271,830) is repayable by 96 monthly instalments of RM52,875 each commencing December 2010 and is secured and supported as follows:

(a) by way of charge over the freehold buildings of a subsidiary upon issuance of titles;

(b) first party open monies deed of assignment; and

(c) corporate guarantee of the Company.

Term loan VI of RM1,855,084 (2016: RM3,588,518) is repayable in 19 quarterly principal instalments of RM471,076 each and final instalment to be calculated and advised by the bank commencing on 4th month after the first drawdown. **Secured revolving credit IV** RM24,400,000 (2016: RM23,000,000) is repayable on demand. The term loan and revolving credit are secured and supported as follows:

(a) facility agreement;

(b) legal charge over the leasehold land and building of a subsidiary;

(c) legal assignment over debt service account;

(d) legal assignment over all tenancy and rent agreements;

(e) specific debenture on fixed and floating charge over the leasehold land and building of a subsidiary;

(f) deed of subordinate in respect of shareholders advances and loans to the subsidiary;

(g) legal assignment of all of the subsidiary's present and future rights, title and benefits in and under such insurance policies procure in respect of the charge; and

(h) corporate guarantee of the Company.

Term loan VII of RM4,576,379 (2016: RM4,699,093) is repayable in 300 monthly principal instalments of RM28,269 each, commencing November 2014 and is secured and supported as follows:

(a) legal charge over the freehold buildings;

(b) first party open monies deed of assignment; and

(c) corporate guarantee of the Company.

28. LOANS AND BORROWINGS (continued)

Term loan VIII of RM6,561,274 (2016: RM9,461,274) is repayable by 84 monthly principal instalments commencing 19th month from the date of first drawdown or on 1 January 2014, whichever is earlier. The term loan is secured and supported as follows:

(a) legal charge over the freehold land of a subsidiary;

(b) a limited debenture by way of a fixed and floating charge over construction costs for a private and international school developed on the said freehold land;

(c) legal assignment over a subsidiary and/or the customer's rights and interest under an offer to lease and purchase;

(d) legal assignment over all rents and other monies payables; and

(e) corporate guarantee of the Company.

Term loan IX of RM20,994,304 (2016: RM34,994,304) is repayable by 10 quarterly principal instalments of RM3,500,000 each commencing December 2016 and is secured and supported as follows:

(a) legal charge over freehold land held for property development of a subsidiary; and

(b) corporate guarantee of the Company.

Term loan X of RM50,000,000 (2016: RM50,000,000) is repayable by 16 quarterly principal instalments of RM3,125,000 each commencing April 2019 and is secured and supported as follows:

(a) legal charge over leasehold land held for property development of a subsidiary;

(b) joint and several guarantee of the directors of a subsidiary; and

(c) corporate guarantee of the Company.

Term loan XI of RM15,044,980 (2016: RM16,874,981) is part of total term loan of RM22,000,000 which is repayable by 11 quarterly principal instalments of RM1,830,000 each and final payment of RM1,870,000 or any balance outstanding with the first repayment to commence on 39th month from the date of first reimbursement or payment by way of redemption whichever is earlier. **Term loan XII** of RM35,393,429 (2016: RM35,393,428) is part of the total term loan of RM40,000,000 which is repayable by 11 equal quarterly principal instalments of RM3,340,000 each and final payment of RM3,260,000 or any balance outstanding with the first repayment to commence on 39th month from the day of first reimbursement or payment by way of redemption whichever is earlier. The secured term loans are secured and supported as follows:

(a) specific debenture over the project land of a subsidiary;

(b) corporate guarantee of the Company; and

(c) legal charge over freehold land held for property development of a subsidiary.

28. LOANS AND BORROWINGS (continued)

Term loan XIII of RM14,324,646 (2016: RM21,002,311) is repayable by 48 monthly principal instalments commencing from the 4th year following to the date of the first drawdown or payment by way of redemption, whichever is earlier and is secured and supported as follows:

(a) specific debentures by way of fixed and floating charge for all present and future assets of the project;

(b) deed of assignment over the rights under the joint development agreement;

(c) legal assignment and charge over all sales proceed; and

(d) corporate guarantee of the Company.

Term loan XIV of RMNil (2016: RM3,312,464) is part of the total term loan of RM7,000,000 and is repayable by 5 quarterly principal instalments of RM1,167,000 each and final principal instalment of RM1,165,000 or any balance outstanding with the first repayment to commence on the 33rd month following the date of first drawdown or payment by way of redemption whichever is earlier. The term loan is secured and supported as follows:

(a) legal charge over the freehold land held for property development of a subsidiary;

(b) specific debenture over the project land; and

(c) corporate guarantee of the Company.

Term loan XV of RM384,253 (2016: RMNil) is part of the total term loan of RM13,000,000 and is repayable by 5 quarterly principal instalments of RM2,167,000 each and final principal instalment of RM2,165,000 or any balance outstanding with the first repayment to commence on the 33rd month following the date of first drawdown or payment by way of redemption whichever is earlier. The term loan is secured and supported as follows:

(a) legal charge over the freehold land held for property development of a subsidiary;

(b) specific debenture over the project land; and

(c) corporate guarantee of the Company.

Term loan XVI of RM16,945,952 (2016: RM24,878,172) is repayable in 12 quarterly principal instalments commencing 61st month from the day of first drawdown. **Term loan XVII** of RM14,827,708 (2016: RM14,512,267) is repayable in 12 quarterly principal instalments commencing 48th month from the day of first drawdown. The term loans are secured and supported as follows:

(a) facility agreement and security sharing agreement;

(b) legal charge over the oil palm plantation land of a subsidiary in Indonesia;

(c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;

(d) charge over a designated bank account of a subsidiary in Indonesia;

(e) corporate guarantee of the Company;

(f) pledge of 95% shares of a subsidiary;

28. LOANS AND BORROWINGS (continued)

(g) assignment over all applicable insurance policies; and

(h) negative pledge over a subsidiary's assets.

Term loan XVIII of RM5,317,922 (2016: RMNil) is part of the total term loan of RM10,000,000 and is repayable by 8 quarterly principal instalments of RM1,250,000 each with the first repayment to commence on 13th month following the date of first drawdown. **Term loan XIX** of RM5,000,000 (2016: RMNil) is repayable by 8 quarterly instalments of RM625,000 each and commencing 13th month following the date of first drawdown. The both term loans are secured and supported as follows:

(a) legal charge over Housing Development Account and Project Account;

(b) legal charge over the Financial Service Reserve Account; and

(c) corporate guarantee of the Company.

Term loan XX of RM3,740,000 (2016: RMNil) is part of total term loan of RM10,000,000 and is repayable by 5 quarterly principal instalments of RM1,667,000 each and a final payment of RM1,665,000 with the first repayment to commence on 21st month from the day of first drawdown. **Secured revolving credit V** of RM3,370,000 (2016: RMNil) is part of the total revolving credit of RM5,000,000 and is repayable by 6 quarterly repayment commencing 24th month from the day of first drawdown or by way of redemption whichever is earlier. The term loan and revolving credit are secured and supported as follows:

(a) legal charge over designed account and the credit balances;

(b) assignment over all applicable insurance policies;

(c) facility agreement; and

(d) corporate guarantee of the Company.

Secured revolving credit VI of RM20,000,000 (2016: RM20,000,000) and **secured bank overdraft I** of RMNil (2016: RM3,645,095) are repayable on demand and are secured and supported as follows:

(a) legal charge over the leasehold land held for property development of a subsidiary; and

(b) corporate guarantee of the Company.

Secured revolving credit VII of RMNil (2016: RM825,000) is repayable by 20 quarterly principal instalments of RM275,000 each commencing on 25 August 2012 and is secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary; and

(b) corporate guarantee of the Company.

28. LOANS AND BORROWINGS (continued)

Secured revolving credit VIII of RM1,875,000 (2016: RM9,375,000) is repayable by 8 quarterly principal instalments of RM1,875,000 each commencing on the 39th month from the date of first drawdown. **Secured bank overdraft II** of RM1,987,551 (2016: RM6,576,455) is repayable on demand. The revolving credit and bank overdraft are secured and supported as follows:

(a) legal charge over leasehold land and building of a subsidiary; and

(b) corporate guarantee of the Company.

Secured revolving credit IX of RM4,510,000 (2016: RM4,510,000) is rollover quarterly and repayable on demand. **Bridging loan** of RM6,306,911 (2016: RMNil) is part of total loan of RM17,000,000 and is repayable by 4 quarterly principal instalments of RM4,250,000 or any balance outstanding with first repayment to commence upon expiry of availability period or on 28th month following the date of full drawdown or payment by way of redemption whichever is earlier. The revolving credit and bridging loan are secured and supported as follows:

(a) specific debenture over the project land of a subsidiary;

(b) legal charge over leasehold land held for property development; and

(c) corporate guarantee of the Company.

Secured revolving credit X of RM20,251,028 (2016: RM30,198,208) is part of the total revolving credit of RM45,000,000 and is repayable by 18 quarterly principal instalments of RM2,500,000 each commencing December 2014 and **secured revolving credit XI** of RM34,718,250 (2016: RM34,718,250) is part of the total revolving credit of RM40,000,000 and is repayable on demand. All revolving credits are secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary;

(b) corporate guarantee of the Company;

(c) specific debenture by way of fixed and floating charge over the leasehold land and building of a subsidiary; and

(d) legal assignment of rental proceeds from the investment property of a subsidiary.

Unsecured term loan of RM3,000,000 (2016: RM15,000,000), **Unsecured revolving credits** of RMNil (2016: RM5,000,000) and **Unsecured bank overdraft** of RM508,170 (2016: RM1,427,698) of the Group is repayable on demand and is supported by corporate guarantee of the Company.

Unsecured revolving credits of RM60,500,000 (2016: RM49,350,000) and **Unsecured bank overdraft** of RMNil (2016: RM4,350,721) of the Company are repayable on demand.

29. DIVIDEND

	Net dividend per share Sen	Total amount RM	Date of payment
2017			
Interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2016	7.0	29,362,829	30 December 2016
2016			
Interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2015	7.0	29,359,770	31 December 2015

A first interim single tier dividend of 5.0 sen per ordinary share in respect of financial year ended 30 September 2017 amounting to RM29,284,585 was declared on 28 November 2017 and to be paid on 11 January 2018. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2018.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2017.

30. ACQUISITION OF SUBSIDIARIES

During the financial year

(a) On 4 October 2016, the Company incorporated a wholly-owned subsidiary company known as MKH Land (Aust) Pty Ltd in Australia with issued and paid up share capital of AUD100 comprising 100 shares of AUD1 each. The said incorporation did not give rise to a material impact on the financial statements of the Group.

(b) On 4 July 2017, the Company acquired 100% of the equity interest in MKH IHS Precast Sdn Bhd, for a cash consideration of RM2. The said acquisition did not give rise to a material impact on the financial statements of the Group.

30. ACQUISITION OF SUBSIDIARIES (continued)

In the previous financial year

(a) On 4 February 2016, Amona Metro Development Sdn. Bhd. ("AMDSB"), a subsidiary of Gabung Wajib Sdn. Bhd. ("GWSB"), which is a 60% owned subsidiary of the Company acquired 84% equity interest in Temara Pekeliling Sdn. Bhd. ("TPSB"), for a cash consideration of RM5,000,000. The acquisition was completed on 18 February 2016.

The fair value of the assets acquired and liabilities assumed at the effective date of acquisition are as follows:

	The Group 2016 RM
Land held for property development (Note 17)	78,400,000
Receivables, deposits and prepayments	3,231
Cash and bank balances	485
Deferred tax liabilities (Note 18)	(3,715,000)
Payables and accruals	(13,197,678)
Loans and borrowings	(50,000,000)
Total identifiable net assets	11,491,038
Non-controlling interests	(1,838,566)
Equity attributable to owners of the parent	9,652,472
Gain on bargain purchase on acquisition included in other income	(4,652,472)
Total purchase consideration paid in cash	5,000,000
Cash and bank balances of subsidiary acquired	(485)
Acquisition of subsidiary, net of cash acquired	4,999,515

(b) On 10 June 2016, MKH Plantation Sdn. Bhd. ("MPSB"), a wholly owned subsidiary of the Company entered into a conditional Sale and Purchase Agreement to acquire 6,975 ordinary shares of IDR1,000,000 each equivalent to 75% equity interest in PT Sawit Prima Sakti ("PTSPS"), a company incorporated in the Republic of Indonesia, for a cash consideration of RM15,000,000. The process to register the sales shares with Investment Coordination Board (Badan Koordinasi Penanaman Modal or "BKPM"), public authorities and other competent authorities was ongoing at the end of the last financial year. However, the Company was able to exercise power over and gained control of PTSPS effective 10 June 2016. As a result, PTSPS became a 75% owned subsidiary of the Company. MPSB has on 9 December 2016 completed the acquisition of 75% equity interest in PTSPS.

30. ACQUISITION OF SUBSIDIARIES (continued)

In the previous financial year (continued)

(b) During the financial year, the Company completed the purchase price allocation exercise to determine the fair values assigned to the subsidiary's identifiable assets and liabilities acquired in the previous financial year pursuant to the requirements of MFRS 3: Business Combinations. Upon finalisation of this exercise, the resulting on consolidation was adjusted accordingly as follows:

		The Group	
	Fair value RM	Provisional fair value RM	Fair value adjustment RM
Property, plant and equipments (Note 10)	2,505,288	2,505,288	-
Biological assets (Note 12)	52,950,000	72,411,849	(19,461,849)
Prepaid lease payments (Note 13)	20,580,000	1,118,151	19,461,849
Inventories	878,788	878,788	-
Receivables, deposits and prepayments	266,895	266,895	-
Cash and bank balances	2,371,550	2,371,550	-
Deferred tax liabilities (Note 18)	(7,240,563)	(7,240,563)	-
Provisions (Note 26)	(418,548)	(418,548)	-
Payables and accruals	(12,877,978)	(12,877,978)	-
Loans and borrowings	(38,437,817)	(38,437,817)	-
Total identifiable net assets	20,577,615	20,577,615	-
Non-controlling interests	(5,144,404)	(5,144,404)	-
Equity attributable to owners of the parent	15,433,211	15,433,211	-
Gain on bargain purchase on acquisition included in other income	(433,211)	(433,211)	-
Total purchase consideration to be paid in cash	15,000,000	15,000,000	-
Cash and bank balances of subsidiary acquired	(2,371,550)	(2,371,550)	-
Purchase consideration outstanding	(13,500,000)	(13,500,000)	-
Acquisition of subsidiary, net of cash acquired	(871,550)	(871,550)	-

(c) On 16 June 2016, the Company acquired 100% equity interest in Metro Emart Sdn. Bhd. for a cash consideration of RM2. The said acquisition did not give rise to a material impact on the financial statements of the Group.

31. FINANCIAL GUARANTEE

	The Company 2017 RM	2016 RM
Corporate guarantees given by the Company to financial institutions and creditors for banking and credit facilities granted to the subsidiaries:		
Outstanding as at financial year end	781,034,663	800,521,319

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it is not probable that the counterparties to financial guarantee contracts will claim under the contracts.

32. CONTINGENT LIABILITY

On 18 April 2016, PT Maju Kalimantan Hadapan ("PTMKH"), a subsidiary of the Company, received a tax assessment letter from the Indonesia's Director General of Tax ("DGT") for the year of assessment 2012, to restrict the claims on net realised and unrealised foreign exchange losses incurred amounted to IDR97,700 million, equivalent to RM30.7 million. According to the tax objection in Balikpapan, Indonesia, on 19 June 2017, DGT restricted PTMKH's claims on net realised and unrealised foreign exchange losses up to IDR7,414 million, equivalent to RM2.3 million instead of abovementioned IDR97,700 million. Based on applicable corporate income tax rate of 25%, the restricted amount of the net realised and unrealised foreign currency exchange losses of IDR90,286 million, equivalent to RM28.4 million will result in over-recognition of tax benefit of IDR22,571 million, equivalent to RM7.1 million in the financial statements of the Group and PTMKH. This appeal case is currently at the tax court in Jakarta, Indonesia.

On 29 August 2017, PTMKH received tax assessment letter from DGT for the year of assessment 2013, to restrict the claims on net realised and unrealised foreign exchange losses incurred amounted to IDR188,875 million, equivalent to RM59.3 million. According to the tax assessment letter, DGT restricted PTMKH's claims on net realised and unrealised foreign exchange losses up to IDR44,405 million, equivalent to RM13.9 million instead of abovementioned IDR188,875 million. Based on applicable corporate income tax rate of 25%, the restricted amount of the realised and unrealised foreign exchange losses of IDR144,470 million, equivalent to RM45.4 million will result in over-recognition of tax benefit of IDR36,118 million, equivalent to RM11.3 million in the financial statements of the Group and PTMKH. On 27 November 2017, PTMKH filed an objection letter in reply to tax assessment letter for the year of assessment 2013. This appeal case is currently at tax appeal office in Balikpapan, Indonesia.

Based on consultation with the local tax experts, the directors of PTMKH are of the opinion that PTMKH has a valid defense against DGT's assessments for both years of assessment 2012 and 2013. Accordingly, PTMKH has not made any adjustments in respect of the tax assessments in the financial statements.

33. CAPITAL COMMITMENTS

As at 30 September 2017, the Group has the following capital commitments:

	The Group	
	2017 RM	2016 RM
Approved and contracted for	21,155,838	30,178,690
Approved and not contracted for	12,039,142	3,315,160
	33,194,980	33,493,850

34. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

The Group has a related party relationship with its subsidiaries, associates and key management personnel.

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	The Group	
	2017 RM	2016 RM
Directors of the Company		
Other short-term emoluments	13,154,981	13,136,369
Estimated monetary value of benefits-in-kind	94,487	112,609
Total short-term employee benefits	13,249,468	13,248,978
Post-employment benefits	3,097,544	2,481,940
	16,347,012	15,730,918

34. RELATED PARTY DISCLOSURES (continued)

(b) Key management personnel compensation (continued)

The key management personnel compensation is as follows: (continued)

	The Group 2017 RM	The Group 2016 RM
Other key management personnel		
Remuneration	8,643,478	9,305,495
Other short-term employee benefits	23,950	29,786
Total short-term employee benefits	8,667,428	9,335,281
Post-employment benefits	1,085,075	1,080,265
	9,752,503	10,415,546
Total key management personnel compensation	26,099,515	26,146,464

Other key management personnel comprises persons other than the directors of Company, having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

(c) Related party transactions and balances of the Company

	The Company 2017 RM	The Company 2016 RM
Received or receivable from subsidiaries		
Gross dividend	(44,370,000)	(65,644,900)
Interest income	(14,885,396)	(11,287,799)
Paid or payable to subsidiaries		
Management fee	24,000	24,000
Secretarial fee	9,600	9,600

Information on outstanding balances with related parties of the Company are disclosed in Note 19 and Note 27.

34. RELATED PARTY DISCLOSURES (continued)

(d) Related party transactions and balances of the Group

	The Group	
	2017	**2016**
	RM	**RM**
Paid and payable to associate		
Progress billings	40,345,628	3,475,401
Received and receivables from associate		
Sales of goods	8,868,706	84,456
Rental income	2,145,388	2,145,388
Rental of premises and car parking fees	48,352	28,552
Received and receivable from company in which a director has substantial equity interest		
Secretarial fees	1,080	1,590
Received and receivable from other related parties		
Progress billings to:		
(i) certain directors of the Company	-	80,600
(ii) a corporate shareholder of a subsidiary	387,504	-
(iii) a corporate in which a director of the Company has substantial interest	774,121	2,266,698
(iv) a person connected to a director of the Company	1,516,221	875,100
(v) certain key management personnel of the Group	-	1,336,997

Information on outstanding balances with related parties of the Group is disclosed in Note 19 and Note 27.

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on at least monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under FRS 8 are as follows:

(i) Property development and construction	-	property development, building and civil works contracting.
(ii) Hotel and property investment	-	hotel business and property investment and management.
(iii) Trading	-	trading in building materials and household related products and general trading.
(iv) Manufacturing	-	furniture manufacturing.
(v) Plantation	-	oil palm cultivation.
(vi) Investment holding	-	investment holding and management services.

Non-reportable segments comprise recreational club operation, money lending and provision of insurance broking services.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represents profit before tax of the segment. Inter-segment transactions are entered into in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding investment in associates, deferred tax assets, current tax assets and other investment.

Segment liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities, interest bearing loans and borrowings and deferred tax liabilities.

35. SEGMENT INFORMATION (continued)

Segment revenue and results

2017	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manu-facturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Revenue									
Total external revenue	702,528,318	260,538,361	33,877,646	59,281,522	11,123,656	-	1,483,999	-	1,068,833,502
Inter-segment revenue	-	4,046,478	1,275,750	185,545	-	109,530,243	-	(115,038,016)	-
Total segment revenue	702,528,318	264,584,839	35,153,396	59,467,067	11,123,656	109,530,243	1,483,999	(115,038,016)	1,068,833,502
Results									
Operating results	177,220,140	40,863,720	17,303,911	4,528,309	918,078	36,225,939	(92,007)	(39,737,035)	237,231,055
Interest expense	(48,393,730)	(26,782,743)	(2,245,883)	(2,952)	-	(30,260,559)	(1,137,857)	61,259,178	(47,564,546)
Interest income	11,161,558	862,537	16,705	112,718	120,863	15,358,090	21,608	(21,522,143)	6,131,936
Share of results of associates	(2,206,144)	-	-	-	-	-	-	-	(2,206,144)
Segment results	137,781,824	14,943,514	15,074,733	4,638,075	1,038,941	21,323,470	(1,208,256)	-	193,592,301
Tax expense	(45,671,657)	(12,624,054)	(3,108,562)	(1,125,046)	(240,884)	(5,846,775)	(132,065)	-	(68,749,043)
Profit/(Loss) for the financial year	92,110,167	2,319,460	11,966,171	3,513,029	798,057	15,476,695	(1,340,321)	-	124,843,258
Other segment information									
Depreciation and amortisation	1,215,601	32,262,383	2,121,584	30,474	774,733	459,130	1,441,805	-	38,305,710
Changes in fair value of investment properties	-	-	(2,987,901)	-	-	-	-	-	(2,987,901)
(Gain)/loss on disposal of property, plant and equipment	-	-	-	-	(8,172)	437	-	-	(7,735)
Impairment loss on trade and other receivables	2,000	-	58,137	-	-	-	1,769	-	61,906
Provision for retirement gratuity	-	-	-	-	-	587,866	-	-	587,866
Provision for post-employment benefit obligations	-	832,705	-	-	-	-	-	-	832,705
Loss/(Gain) on foreign exchange:									
Realised	(775)	6,794,175	-	(109)	154,698	(230,233)	-	-	6,717,756
Unrealised	-	7,162,651	-	-	-	18,252	-	-	7,180,903
Reversal of impairment loss on trade and other receivables	(54,283)	-	(13,538)	(51,404)	-	(4,200)	(100)	-	(123,525)

35. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

2016	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manu-facturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Revenue									
Total external revenue	932,006,873	205,954,589	39,057,581	71,839,768	16,063,133	-	950,458	-	1,265,872,402
Inter-segment revenue	-	398,697	681,500	117,951	-	129,474,950	-	(130,673,098)	-
Total segment revenue	932,006,873	206,353,286	39,739,081	71,957,719	16,063,133	129,474,950	950,458	(130,673,098)	1,265,872,402
Results									
Operating results	241,350,170	87,924,117	20,592,111	5,340,073	1,875,571	33,536,071	(1,680,764)	(37,067,460)	351,869,889
Interest expense	(52,501,983)	(25,567,187)	(2,647,883)	-	-	(25,806,399)	(209,708)	54,540,294	(52,192,866)
Interest income	10,792,765	760,569	41,812	78,738	207,772	11,393,770	7,717	(17,472,834)	5,810,309
Share of results of associates	(437,504)	-	(381,023)	-	-	-	-	-	(818,527)
Segment results	199,203,448	63,117,499	17,605,017	5,418,811	2,083,343	19,123,442	(1,882,755)	-	304,668,805
Tax expense	(60,396,515)	(21,762,296)	(3,183,366)	(1,296,867)	(563,777)	(3,105,376)	(182,569)	-	(90,490,766)
Profit/(Loss) for the financial year	138,806,933	41,355,203	14,421,651	4,121,944	1,519,566	16,018,066	(2,065,324)	-	214,178,039
Other segment information									
Depreciation and amortisation	1,244,343	29,187,374	1,926,850	14,536	610,648	507,190	129,055	-	33,619,996
Gain on bargain purchase on acquisition of subsidiaries	(4,652,472)	(433,211)	-	-	-	-	-	-	(5,085,683)
Gain on disposal of property, plant and equipment	(122,609)	-	-	-	-	-	-	-	(122,609)
Government facilitation fund	(19,560,249)	-	-	-	-	-	-	-	(19,560,249)
Impairment loss on trade and other receivables	297,302	-	-	-	-	-	2,498	-	299,800
Provision for post-employment benefit obligations	-	2,357,525	-	-	-	-	-	-	2,357,525
Loss/(Gain) on foreign exchange:									
Realised	5,964	(3,297,595)	-	-	(88,025)	899,395	621	-	(2,479,640)
Unrealised	-	(39,534,801)	-	-	-	28,158	-	-	(39,506,643)
Reversal of impairment loss on trade and other receivables	(115,057)	-	-	-	-	(8,025)	(909)	-	(123,991)

35. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

2017	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manu-facturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Assets									
Segment assets	2,113,526,808	531,458,304	377,239,832	27,193,447	33,869,261	41,231,963	38,670,282	-	3,163,189,897
Investment in associates	13,889,807	-	-	-	-	-	-	-	13,889,807
Deferred tax assets	29,116,400	-	20,900	4,171	-	4,791,630	-	-	33,933,101
Tax recoverable	-	1,282,296	-	-	-	-	-	-	1,282,296
Current tax assets	11,883,826	315	299,829	-	-	30,039	328	-	12,214,337
Total assets	2,168,416,841	532,740,915	377,560,561	27,197,618	33,869,261	46,053,632	38,670,610	-	3,224,509,438
Liabilities									
Segment liabilities	785,716,607	44,538,856	10,579,095	8,160,930	3,647,692	22,732,045	1,144,120	-	876,519,345
Current tax liabilities	5,487,534	520,488	1,039,637	64,997	23,631	1,408,430	70,118	-	8,614,835
Interest bearing liabilities	342,378,905	275,756,463	38,076,866	81,952	-	116,222,631	-	-	772,516,817
Deferred tax liabilities	25,500,000	17,667,900	13,683,000	-	1,969,372	64,326	153,125	-	59,037,723
Total liabilities	1,159,083,046	338,483,707	63,378,598	8,307,879	5,640,695	140,427,432	1,367,363	-	1,716,688,720
Other segment information									
Additions to non-current assets other than financial instruments and deferred tax assets	84,194,149	14,790,279	3,339,697	100,538	117,385	-	329,358	-	102,871,406

35. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

2016	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manu-facturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Assets									
Segment assets	2,176,055,870	562,468,865	359,892,585	27,562,948	33,694,607	21,138,334	21,469,829	-	3,202,283,038
Investment in associates	14,135,951	-	-	-	-	-	-	-	14,135,951
Deferred tax assets	24,704,600	-	-	13,618	-	4,639,430	-	-	29,357,648
Current tax assets	6,964,853	706	412,032	-	-	240,151	21,200	-	7,638,942
Total assets	2,221,861,274	562,469,571	360,304,617	27,576,566	33,694,607	26,017,915	21,491,029	-	3,253,415,579
Liabilities									
Segment liabilities	904,544,254	60,028,215	12,236,590	10,124,108	4,714,920	21,651,232	1,095,281	-	1,014,394,600
Current tax liabilities	11,961,855	10,352,502	1,565,677	216,097	141,755	795,834	23,569	-	25,057,289
Interest bearing liabilities	368,478,625	308,119,632	42,520,715	-	-	119,643,822	-	-	838,762,794
Deferred tax liabilities	30,581,600	17,944,394	13,855,210	-	1,933,288	62,926	167,640	-	64,545,058
Total liabilities	1,315,566,334	396,444,743	70,178,192	10,340,205	6,789,963	142,153,814	1,286,490	-	1,942,759,741
Other segment information									
Additions to non-current assets other than financial instruments and deferred tax assets	398,367,834	10,297,892	4,374,940	6,755	5,501,053	-	38,787	-	418,587,261

35. SEGMENT INFORMATION (continued)

Geographical information

Revenue and non-current assets information is presented based on the segment's country of domicile. Revenue from external customers based on the location of its customers has not been disclosed as revenue earned outside the segment's country of domicile is insignificant. Non-current assets do not include financial instruments, investment in associates, deferred tax assets and tax recoverable.

	Revenue		Non-current assets	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia	797,171,485	1,043,854,680	1,311,364,616	1,439,986,209
The Peoples' Republic of China	11,123,656	16,063,133	21,424,690	21,709,736
Republic of Indonesia	260,538,361	205,954,589	464,820,298	493,183,088
	1,068,833,502	1,265,872,402	1,797,609,604	1,954,879,033

Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 4 October 2016, the Company incorporated a wholly-owned subsidiary company known as MKH Land (Aust) Pty Ltd in Australia with issued and paid up share capital of AUD100 comprising 100 shares of AUD1 each.

(b) On 21 November 2016, Metro K.L. City Sdn. Bhd. ("METRO") entered into a Joint Development Agreement ("JDA") with PR1MA Corporation Malaysia ("PR1MA") for the purpose of undertaking the construction and completion of a mixed development on a parcel of freehold land held under H.S. (D) 6468 PT 5694, Mukim Kajang, Selangor ("Project Land") measuring approximately 8.22 acres with total initial start up costs and preliminaries works of RM38,000,000. The expected gross development value of the Project Land is approximately RM464.0 million over a period of 4 years. The profit and cost sharing between PR1MA and METRO is based on a ratio of 30% and 70%.

(c) On 6 December 2016, the Company announced to undertake a renounceable rights issue at an issue price to be determined and announced later, together with a bonus issue, on the basis of one rights share for every ten existing shares held and two bonus shares for every one rights share subscribed.

On 24 February 2017, the Company proposed to undertake the following:

(i) A renounceable rights issue of up to 45,402,742 new ordinary shares in MKH on the basis of one (1) rights share for every ten (10) existing MKH shares at an issue price to be determined and announced later for on an entitlement date to be determined and announced later; and

(ii) A bonus issue of up to 90,805,484 new ordinary shares to be credited as fully paid-up on the basis of two (2) bonus shares for every one (1) right share subscribed by the shareholder of MKH and/or their renounce(s) pursuant to the right issue.

The above transactions were completed on 1 June 2017.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(d) On 2 December 2016, MKH Plantation Sdn. Bhd. ("MPSB"), received approval from the Investment Coordination Board of Indonesia (Badan Koordinasi Penanaman Modal) for the transfer of sale shares in respect of the acquisition of PT Sawit Prima Sakti ("PTSPS") from the vendor to MPSB. MPSB has on 9 December 2016 completed the acquisition of 75% equity interest in PTSPS.

(e) On 4 July 2017, the Company acquired 2 ordinary shares representing 100% of the equity interest in MKH IHS Precast Sdn Bhd ("MIPSB"), for a cash consideration of RM2. As a result, MIPSB became a 100% owned subsidiary of the Company.

37. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

On 30 October 2017, Kajang Resources Corporation Sdn Bhd, a wholly owned subsidiary of the Company has agreed to donate three pieces of lands totalling approximately 4.83 acres located along Persiaran Hillpark, 43500 Semenyih, Selangor Darul Ehsan to Lembaga Pengurus SMJK Yu Hua Kajang (2) (upon the lembaga duly instituted) for the purpose of building and establishing Sekolah Menengah Jenis Kebangsaan Yu Hua Kajang (2).

38. OPERATING LEASE ARRANGEMENTS - THE GROUP AS LESSOR

The Group has entered into property leases on its investment properties, which comprise freehold and leasehold land and buildings, with non-cancellable lease terms ranging from 12 to 30 years. The lease contracts contain fixed upward revision of the rental charges over the lease period.

Future minimum rental receivables under non-cancellable operating leases at the reporting date but not recognised as receivables, are as follows:

	The Group	
	2017 RM	2016 RM
Not later than 1 year	3,968,019	3,862,630
Later than 1 year but not later than 5 years	17,176,433	16,723,873
Later than 5 years	44,933,116	49,322,226
	66,077,568	69,908,729

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
Loans and receivables:				
Receivables and deposits	224,573,588	188,805,465	300,891,022	212,964,885
Cash, bank balances, term deposits and fixed income funds	264,609,775	305,087,150	12,145,700	267,497
Financial liabilities				
Other financial liabilities at amortised cost:				
Payables and accruals	821,705,604	972,231,388	1,344,734	715,364
Loans and borrowings	772,516,817	838,762,794	60,500,000	53,700,721

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

(i) 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 and the Company's exposure to credit risk primarily arises from the receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on subsidiaries' credit facilities.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade related receivables at the reporting date are as follows:

	The Group			
	2017		2016	
	RM	% of total	RM	% of total
By country:				
Malaysia	180,537,848	98.14%	148,439,374	97.99%
The Peoples' Republic of China	980,718	0.53%	1,323,600	0.87%
Republic of Indonesia	2,450,541	1.33%	1,722,061	1.14%
	183,969,107	100.00%	151,485,035	100.00%

The Group does not have any significant exposure to any individual customer at the reporting date.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries and creditors for credit terms granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM781,034,663 (2016: RM800,521,319) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on their repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it was not probable that the counterparties to financial guarantee contracts will claim under the contracts.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. 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 use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent 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 of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions so as to achieve overall cost effectiveness.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

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

	Carrying amount RM	Total contractual amount RM	On demand or within 1 years RM	1-2 years RM	2 to 5 years RM	Over 5 years RM
The Group						
2017						
Financial liabilities:						
Payables and accruals	821,705,604	833,918,512	480,969,167	79,447,092	273,502,253	-
Loans and borrowings	772,516,817	843,473,227	358,482,383	154,332,803	259,902,841	70,755,200
	1,594,222,421	1,677,391,739	839,451,550	233,779,895	533,405,094	70,755,200
The Company						
2017						
Financial liabilities:						
Payables and accruals	1,344,734	1,344,734	1,344,734	-	-	-
Loans and borrowings	60,500,000	63,786,750	63,786,750	-	-	-
	61,844,734	65,131,484	65,131,484	-	-	-
The Group						
2016						
Financial liabilities:						
Payables and accruals	972,231,388	1,019,003,906	526,661,930	150,087,414	342,254,562	-
Loans and borrowings	838,762,794	917,542,989	272,739,340	188,702,691	381,560,616	74,540,342
	1,810,994,182	1,936,546,895	799,401,270	338,790,105	723,815,178	74,540,342
The Company						
2016						
Financial liabilities:						
Payables and accruals	715,364	715,364	715,364	-	-	-
Loans and borrowings	53,700,721	56,712,988	56,712,988	-	-	-
	54,416,085	57,428,352	57,428,352	-	-	-

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Foreign currency risk

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

The Group is exposed to foreign currency risk when the currency denomination differs from its functional currency.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Ringgit Malaysia ("RM"), Indonesian Rupiah ("IDR") and Chinese Renminbi ("RMB"). The foreign currency in which these transactions are denominated is mainly USD. Foreign currency exposure in transactions and currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group also holds cash and bank balances denominated in USD for working capital purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in The Peoples' Republic of China and Republic of Indonesia are not hedged as currency positions in RMB and IDR are considered to be long-term in nature.

Financial assets and liabilities denominated in USD are as follows:

	The Group	
	2017 RM	2016 RM
United States Dollar		
Cash and bank balances	34,845,968	32,685,105
Trade receivables	980,718	1,323,600
Loans and borrowings	(275,756,463)	(308,076,174)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD exchange rate against their respective functional currencies, with all other variables held constant.

The Group	Profit for the financial year 2017 RM	2016 RM
USD/RM		
Strengthened 5%	491,700	478,700
Weakened 5%	(491,700)	(478,700)
USD/RMB		
Strengthened 3%	105,100	82,600
Weakened 3%	(105,100)	(82,600)
USD/IDR		
Strengthened 5%	(9,657,800)	(10,887,600)
Weakened 5%	9,657,800	10,887,600

The Group	Translation reserve 2017 RM	2016 RM
IDR/RM		
Strengthened 5%	381,790	403,543
Weakened 5%	(381,790)	(403,543)
RMB/RM		
Strengthened 3%	829,269	806,382
Weakened 3%	(829,269)	(806,382)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Interest rate risk

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

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets include finance lease receivables, loan receivables and deposits with licensed banks. Deposits are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee.

The Group's interest bearing financial liabilities comprise finance lease, bank overdrafts, revolving credits, bridging loan and term loans.

The fixed deposits placed with licensed banks and loan receivables at fixed rate exposes the Group to fair value interest rate risk. The bank overdrafts, revolving credits, bridging loan and term loans totalling RM770,542,703 (2016: RM836,008,588) at floating rate expose the Group to cash flow interest rate risk whilst finance lease of RM1,974,114 (2016: RM2,754,206) at fixed rate expose the Group to fair value interest rate risk.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group also actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of assets.

As at the reporting date, a change of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the total equity and profit after tax by approximately RM2,928,100 (2016: RM3,176,800), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts approximate their fair values due to the relatively short-term maturities of these financial assets and liabilities.

(ii) Long-term trade receivables and payables, loan receivables and finance lease receivables

The fair values of long-term trade receivables and payables, loan receivables and finance lease receivables are estimated using expected future cash flows of contractual instalment payments discounted at current prevailing rates offered for similar types of credit or lending arrangements.

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(iii) Derivative financial instruments

Commodity forward contracts are valued based on published market prices or quoted prices from reputable financial institutions. The fair values of derivative financial instruments are the estimated amounts that the Company would expect to pay or receive on the termination of the outstanding positions as at the end of the financial year arising from such contracts. They are determined by reference to the difference between the contracted rate and the forward rate as at the end of the financial year applied to a contract of similar amount and maturity profile.

(iv) Borrowings

The carrying amounts of bank overdrafts, short-term revolving credits, bridging loan and short-term loans approximate fair values due to the relatively short-term maturity of these financial liabilities.

The carrying amounts of long-term floating rate revolving credits and loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease is estimated using discounted cash flow analysis, based on current lending rates for similar types of lending arrangements.

The carrying amounts and fair value of financial instruments, other than the carrying amounts which are reasonable approximation of fair values, are as follows:

	The Group	
	Carrying amount RM	Fair value RM
2017		
Financial assets		
Long-term other receivables	1,169,973	917,525
Loan receivables	21,032,679	18,002,070
Financial liabilities		
Finance lease liabilities	1,974,114	2,005,779
2016		
Financial assets		
Long-term other receivables	1,171,687	580,811
Loan receivables	3,754,615	3,156,195
Financial liabilities		
Finance lease liabilities	2,754,206	2,965,687

42. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities at the reporting date:

	Fair value measurement using			
The Group **2017**	**Level 1** **RM**	**Level 2** **RM**	**Level 3** **RM**	**Total** **RM**
Investment properties (Note 14)				
Commercial properties	-	-	244,300,000	244,300,000
Office and shoplot	-	-	29,637,000	29,637,000
Education centre	-	-	45,000,000	45,000,000
	-	-	318,937,000	318,937,000
Liability for which fair value is disclosed (Note 41)				
Finance lease payables	-	2,005,779	-	2,005,779
Asset for which fair value is disclosed (Note 41)				
Long-term other receivables	-	917,525	-	917,525
Loan receivables	-	18,002,070	-	18,002,070
	-	18,919,595	-	18,919,595

The Group **2016**				
Investment properties (Note 14)				
Commercial properties	-	-	244,300,000	244,300,000
Office and shoplot	-	-	19,157,000	19,157,000
Education centre	-	-	45,000,000	45,000,000
	-	-	308,457,000	308,457,000
Liability for which fair value is disclosed (Note 41)				
Finance lease payables	-	2,965,687	-	2,965,687
Asset for which fair value is disclosed (Note 41)				
Long-term other receivables	-	580,811	-	580,811
Loan receivables	-	3,156,195	-	3,156,195
Derivative financial assets	-	42,350	-	42,350
	-	3,779,356	-	3,779,356

42. FAIR VALUE HIERARCHY (continued)

The land and building under property, plant and equipment were revalued by directors in September 2015 and September 2010 based on independent professional valuation. The fair value of these assets are within level 3 of the fair value hierarchy using significant unobservable inputs. There is no fair value determined for the current financial year as the Group revalues its land and building every five years or at a shorter intervals whenever fair value of the said assets is expected to differ substantially from the carrying amounts.

Fair value reconciliation of investment properties measured at level 3 are as follows:

The Group 2017	**Commercial properties RM**	**Office and shoplot RM**	**Education centre RM**	**Total RM**
Investment properties				
At beginning of year	244,300,000	19,157,000	45,000,000	308,457,000
Transfer from inventories	-	7,492,099	-	7,492,099
Changes in fair values	-	2,987,901	-	2,987,901
At end of year	244,300,000	29,637,000	45,000,000	318,937,000
2016				
At beginning and end of year	244,300,000	19,157,000	45,000,000	308,457,000

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

Property category	**Valuation technique**	**Significant unobservable inputs**	**Range**
Investment properties			
Commercial properties	Comparison method	Market value per square feet	RM50 - RM758
Commercial properties	Investment method	Estimated average rental rate per square feet per month	RM3.47 - RM12.89
		Estimated outgoings per square feet per month	RM1.48 - RM1.54
		Term yield	6.85% - 7.25%
		Sinking fund	3%
		Void rate	2.00% - 5.00%
Commercial properties	Cost method	Construction price per square feet	RM120

42. FAIR VALUE HIERARCHY (continued)

Description of valuation techniques used and key unobservable inputs to valuation on investment properties measured at level 3 are as follows: (continued)

Property category	Valuation technique	Significant unobservable inputs	Range
Investment properties			
Office and shoplot	Investment method	Estimated average rental rate per square feet per month	RM4
		Estimated price per parking bay	RM17,000 - RM28,300
		Estimated outgoings per square feet per month	RM0.25
		Term yield	7.5%
Education centre	Investment method	Estimated average rental rate per square feet per month	RM0.80
		Estimated outgoings per square feet per month	RM0.04
		Term yield	6.00%
		Sinking fund	2.00%
		Void rate	2.00%

The estimated fair value would increase/(decrease) if:

- Estimated rental/average rental rate per square feet per month were higher/(lower)
- Estimated price per parking bay per month were higher/(lower)
- Estimated outgoings per square feet per month lower/(higher)
- Rent growth rate per annum were higher/(lower)
- Void rate lower/(higher)
- Term yield rate lower/(higher)
- Reversionary yield rate lower/(higher)
- Sinking fund rate lower/(higher)
- Construction price per square feet higher/(lower)

Direct Comparison method

Under the direct comparison method, a property's fair value is estimated based on comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences. Fair value of properties derived using direct comparison method have been generally included in Level 3 fair value hierarchy due to the adjustments mentioned above. The most significant input into this valuation approach is price per square feet of comparable properties.

42. FAIR VALUE HIERARCHY (continued)

Investment method

In the investment method of valuation, the projected net income and other benefits that the subject property can generate over the life of the property is capitalised at market derived term yields to arrive at the present market value of the property. Net income is the residue of gross annual rental less annual expenses (outgoings) required to sustain the rental with allowance for void.

Cost method of valuation

In the cost method of valuation, the market value of the subject property is the sum of the market value of the land and building. The value of the building is assumed to have a direct relationship with its cost of construction. The cost of construction is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value.

Valuation processes applied by the Group

The fair value of land and buildings under property, plant and equipment is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group revalues its land and buildings every five years or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from the carrying amounts.

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuer provides the fair value of the Group's investment property annually.

Policy on transfer between levels

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

Transfer between Level 1 and 2 fair value

There is no transfer between Level 1 and 2 fair values during the financial year.

43. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to sustain future development of the businesses so that it can continue to maximise returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or repay existing borrowings. No changes were made in the objectives, policies and processes during the financial years ended 30 September 2017 and 30 September 2016.

43. CAPITAL MANAGEMENT (continued)

The debt-to-equity ratio is calculated as total debts divided by total capital of the Group. Total debts comprise interest bearing loans and borrowings whilst total capital is the total equity attributable to owners of the parent. The Group's policy is to keep the debt-to-equity ratio of not exceeding 80%. The debt-to-equity ratio as at 30 September 2017 and 2016, which are within the Group's objectives of capital management are as follows:

	The Group	
	2017 RM	2016 RM
Loans and borrowings	772,516,817	838,762,794
Total equity attributable to owners of the parent	1,476,994,558	1,276,285,076
Debt-to-equity ratio (%)	52%	66%

The Group is not subject to any externally imposed capital requirements other than PT Maju Kalimantan Hadapan and PT Sawit Prima Sakti which are required to maintain a debt-to-equity ratio of 75:25 and 65:35 respectively as well as loan-to-value ratio of not more than 75% and 65% respectively in respect of the term loan facilities. Based on the proforma financial information provided to the financial institutions, the Group has complied with this capital requirement.

44. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified to conform to current year's presentation.

The adjustments that have been made to the Group's financial statements for the financial year ended 30 September 2016 are as follows:

	As previously reported RM	Reclassification RM	As reclassified RM
The Group			
Statement of financial position			
Non-current liabilities			
Loans and borrowings	557,348,619	39,744,000	597,092,619
Current liabilities			
Loans and borrowings	281,414,175	(39,744,000)	241,670,175

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF
REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 30 September 2017 and 2016 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements", as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia.

The retained earnings of the Group and of the Company as at 30 September 2017 and 2016 is analysed as follows:

	The Group		**The Company**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Total retained earnings of the Company and its subsidiaries:				
Realised	837,123,235	807,786,898	345,506,847	412,712,252
Unrealised	128,171,404	165,151,371	7,504	8,904
	965,294,639	972,938,269	345,514,351	412,721,156
Total share of retained earnings from associates:				
Realised	5,229,806	7,435,951	-	-
	970,524,445	980,374,220	345,514,351	412,721,156
Less: Consolidation adjustments	(131,711,263)	(154,563,405)	-	-
Total retained earnings	838,813,182	825,810,815	345,514,351	412,721,156

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

LIST OF PROPERTIES

As At 30 September 2017

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2017 RM'000	*Date of Revaluation/ Date of Acquisition
Aliran Perkasa Sdn. Bhd.					
Lot 42195, Mukim Kajang, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	3.088	Freehold	1,353	01.04.2004
Lot 42182, Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Rubber trees	1.495	Freehold	660	07.02.2005
Part of Lot 1990, 1996, 25301, 25310 & PT37334 Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	23.589	Freehold	78,706	22.03.2010
Lot 2006, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	10.394	Freehold	7,192	25.10.2011
PT 37330, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	6.870	Freehold	2,939	22.03.2010
PT 37331, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	5.612	Freehold	2,399	01.07.2010
Budi Bidara Sdn. Bhd.					
PT 68858 to PT 68941 (total 84 lots) and PT 68973 (1 lot), Mukim Kajang, Daerah Ulu Langat, Selangor	Individual titles approved for commercial use (84 lots) and residential (1 lot)	5.240	Leasehold of 99 years expiring in 2107	58,119	06.02.2013
PT 688942 to PT 688972 (total 31 lots) Mukim Kajang, Daerah Ulu Langat, Selangor	Individual titles approved for residential use Existing use: Vacant land	1.232	Leasehold of 99 years expiring in 2107		
Gerak Teguh Sdn. Bhd.					
All of the parcels of land held by this subsidiary are located at Mukim Semenyih, Daerah Ulu Langat, Selangor and form part of the mixed development project of Taman Pelangi Semenyih					
PT 26791	Vacant residential land	16.140	Freehold	1,703	08.10.2001
PT 26792	Vacant commercial land	0.500	Freehold	139	08.10.2001

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2017 RM'000	*Date of Revaluation/ Date of Acquisition
Gerak Teguh Sdn. Bhd. (continued)					
PT 26793	Existing use: 1-storey clubhouse, car park and swimming pool (built-up area of 17,797 sq. ft., building age: 9 years) and part of the land is vacant	2.530	Freehold	513	08.10.2001
PT 26794	Existing use: Lease out for commercial building	2.200	Freehold	11,000	29.09.2017 (Investment Properties stated at fair value)
PT 26795	Existing use: Lease out for commercial building	6.900	Freehold	15,000	29.09.2017 (Investment Properties stated at fair value)
Hillpark Resources Sdn. Bhd.					
**Lot PT 834, Mukim Ijok and PT 1092, Mukim Jeram, District of Kuala Selangor, Selangor	Agricultural title Existing use: Vacant land	63.800	Leasehold expiring in year 2091	101,196	25.06.2013
Hiliran Juara Sdn. Bhd.					
PT 417 to 427 (11 lots), Pekan Baru Sungai Besi, Daerah Petaling, Selangor	Land approved for residential and commercial development Existing use: Vacant land	11.980	Leasehold expiring in year 2100	21,537	14.01.2005
Intelek Murni (M) Berhad					
PT 25624, Taman Bukit Mewah, Kajang, Selangor	3-storey clubhouse, car park and swimming pool, all known as Mewah Club (built-up area of 39,478 sq. ft.) (building age: 23 years)	4.840	Freehold	14,328	* 30.09.2015

List of Properties

As At 30 September 2017

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2017 RM'000	*Date of Revaluation/ Date of Acquisition
Kajang Resources Corporation Sdn. Bhd.					
All of the parcels of land held by this subsidiary are located at Batu 18, Jalan Semenyih, Mukim Semenyih, Daerah Ulu Langat, Selangor					
PT Nos. 50 and 51	Residential land Existing use: Oil palm plantation	9.659	Leasehold expiring in year 2089	2,800	1991
PT Nos. 131 and 132	Vacant residential land	1.572	Freehold	323	19.08.1997
Lot 27977	Agricultural title Existing use: Vacant land	9.219	Freehold	4,725	26.05.1994
PT 41701, PT 41702, PT 41703 and PT 42114	Land approved for development Existing use: Vacant land	5.290	Freehold	9,461	19.8.1997
PT 42777	Land approved for development Existing use: Vacant land	2.220	Freehold	2,051	8.12.2010 - 7.4.2011
Lot 2227	Agricultural title Existing use: Vacant land	7.006	Freehold	4,649	14.01.2011
Laju Jaya Sdn. Bhd.					
PT Nos. 19379 to 19391 (13 lots) Jalan Semenyih, Kajang, Selangor	Wisma MKH. A 6-storey hotel cum office building with built-up area of 171,935 sq. ft. Existing use: 100% tenanted (building age: 23 years)	0.585	Leasehold expiring in 2089	29,056	* 30.09.2015
Maha Usaha Sdn. Bhd.					
PT No. 19482, Bandar Kajang, Daerah Ulu Langat, Selangor	Commercial complex with built-up area of approximately 600,000 sq. ft. Existing use: 96% tenanted (building age: 21 years)	2.330	Leasehold expiring in 2089	143,300	29.09.2017 (Investment Properties stated at fair value)
Unit A-0-1, A-1-1, A-2-1, A-3-1, A-3A-1 & A-5-1 MKH Avenue, Jalan Avenue 1A, 43000 Kajang, Selangor	Corner lot 6 storey shop/office	27,522 sq. ft. (total net lettable area)	Leasehold expiring in 2107	10,500	20.06.2017 (Investment Properties stated at fair value)

As At 30 September 2017

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2017 RM'000	*Date of Revaluation/ Date of Acquisition
Metro Tiara (M) Sdn. Bhd.					
Unit 1-1, Tingkat 1, Dataran Pelangi Utama, Pelangi Utama, Jalan Masjid, PJU6A, Petaling Jaya, Selangor	1 unit of stratified office lot within a block of 6-storey shop offices with 58 bays of car park (building age: 9.5 years)	2,971 sq. ft. (net lettable area)	Leasehold expiring in year 2101	2,590	29.09.2017 (Investment Properties stated at fair value)
PT No. 76622, Bandar Kajang, Daerah Ulu Langat, Selangor	Private school complex with built-up area of approximately 224,736 sq. ft. (building age: 4 years)	5.000	Freehold	45,000	29.09.2017 (Investment Properties stated at fair value)
Petik Mekar Sdn. Bhd.					
Lot 1014, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	64.607	Freehold	61,879	10.07.2013
Lot 21740, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	10.544	Freehold	14,090	05.07.2013
PT. Maju Kalimantan Hadapan					
East Kalimantan, Indonesia	Oil palm plantation and office building and estate quarter (built-up area of approximately 3,900,529 sq. ft.)	39,395	Leasehold of 35 years expiring in year 2042 with an option to renew for a further period of 25 years and ^	283,320	* 25.09.2015

^ generally can be further renewed for another period of 35 years upon fulfillment of conditions

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2017 RM'000	*Date of Revaluation/ Date of Acquisition
PT. Sawit Prima Sakti					
East Kalimantan, Indonesia	Oil palm plantation and estate quarter (built-up area of approximately 49,686 sq. ft.)	6,043	Leasehold of 35 years expiring in year 2045 with an option to renew for a further period of 25 years and ^	75,688	2.6.2016

^ generally can be further renewed for another period of 35 years upon fulfillment of conditions

List of Properties

As At 30 September 2017

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2017 RM'000	*Date of Revaluation/ Date of Acquisition
Serba Sentosa Sdn. Bhd.					
Lot 456, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	Existing use: Lease out for commercial building	1.047	Leasehold expiring in year 2096	11,000	29.09.2017 (Investment Properties stated at fair value)
PT 35799, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: Office	1.210	Leasehold expiring in year 2096	3,026	25.07.1995
Lot 42275, Seksyen 9, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: Vacant land	1.857	Leasehold expiring in year 2096	4,967	25.07.1995
PT 56159, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: Vacant land	3.720	Leasehold expiring in year 2103	10,262	25.07.1995
PT 69670, Bandar Kajang, Daerah Ulu Langat, Selangor	Vacant commercial land	1.194	Leasehold expiring in year 2107	3,856	25.07.1995
Lot 41078 and Lot 41086 Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor	Vacant residential land	1.011	Freehold	953	05.08.2004
Srijang Indah Sdn. Bhd.					
Lot 501, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	4-storey commercial complex with built-up area of approximately 358,707 sq. ft. Existing use: 93% tenanted (building age: 10.5 years)	1.720	Leasehold expiring in year 2102	50,000	29.09.2017 (Investment Properties stated at fair value)
Lot 43402, Bandar Baru Bangi, Daerah Ulu Langat, Selangor	1.5-storey hypermarket building with built-up area of approximately 67,089 sq. ft. (building age: 14 years)	1.770	Freehold	14,000	29.09.2017 (Investment Properties stated at fair value)
Unit G-1, G-2 & G-3, Idaman KL 128 (Saville Residence), 128, Jalan Klang Lama, Kuala Lumpur	3 units of strata shop lot within a block of 30-storey serviced apartment with 70 bays of carpark (building age: 7 years)	11,077 sq. ft. (total net lettable area)	Freehold	8,400	29.09.2017 (Investment Properties stated at fair value)

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2017 RM'000	*Date of Revaluation/ Date of Acquisition
Srijang Indah Sdn. Bhd. (continued)					
Unit G-3A, 1-3A, G-5, 1-5, G-6 & 1-6, Pangsapuri Khidmat Melawati (Saville@ Melawati), No. 2, Jalan Kolam Air, Desa Melawati, Kuala Lumpur	3 units of strata shop and office lot within two blocks of 24-storey serviced apartment with 119 bays of car park (building age: 4 years)	11,514 sq. ft. (total net lettable area)	Freehold	8,147	29.09.2017 (Investment Properties stated at fair value)
Srijang Kemajuan Sdn. Bhd.					
Part of Lot 660, 661, 662 and 663, Seksyen 10, Bandar Kajang, Part of Lot 246, 300, 1029, 1070 and 1127, Mukim Kajang, all in Daerah Hulu Langat, Selangor	Land approved for mixed development Existing use: Vacant land	235.049	Freehold	183,792	05.05.2008
Geran 94270, Lot 38631 and Geran 94269, Lot 38636, Bandar Kajang, Daerah Hulu Langat, Selangor	Agricultural title Existing use: Partly occupied	4.052	Freehold		04.01.2011
Stand Allied Corporation Sdn. Bhd.					
PT 5188 Seksyen 40, Bandar Petaling Jaya, Daerah Petaling, Selangor	Vacant commercial land	1.531	Freehold	10,591	18.07.2014
**PT 86812, Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: Vacant land	2.595	Freehold	54,300	18.08.2014
Sumber Lengkap Sdn. Bhd.					
Lot 15694, Mukim Semenyih, Daerah Ulu Langat, Selangor	Vacant residential land	3.105	Freehold	1,605	30.04.1999
Lot 15683, Mukim Semenyih, Daerah Ulu Langat, Selangor	Vacant residential land	3.184	Freehold		30.04.1999
Part of Lot 15703, Mukim Semenyih, Daerah Ulu Langat, Selangor	Partly vacant residential land	1.770	Freehold	467	30.04.1999

List of Properties

As At 30 September 2017

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2017 RM'000	*Date of Revaluation/ Date of Acquisition
****Suria Villa Sdn. Bhd.**					
Lot 12684, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for mixed development Existing use: Vacant land	41.009	Freehold		07.08.2015
Lot 935, 1933, 1934, PT 29942, 29943, Lot 1077 & 1640, Mukim Semenyih, Daerah Ulu Langat, Selangor	Existing use: Vacant land	74.474	Freehold	248,611	07.08.2015
PT 9781 & PT 9782, Mukim Semenyih, Daerah Ulu Langat, Selangor	Existing use: Vacant land	14.560	Leasehold of 99 years expiring in 2096		07.08.2015
Lot 1935, 1936, & PT 29946, Mukim Semenyih, Selangor	Existing use: Vacant land	39.119	Freehold		19.08.2016
Vast Furniture Manufacturing (Kunshan) Co. Ltd.					
Lot 1120101015 & Lot 1120101009, 588 Airport Road, Shipu Town, Kunshan City, Jiangsu Province Republic of China	Office, factory buildings & partial vacant land (building age: 17 years), new factory building (building age: 12 years)	10.000	Leasehold of 50 years expiring in 2049	20,944	* 30.09.2015
MKH Berhad					
Lot No. 2 and Lot No. 8, Jalan Bukit Mewah 66, Kajang, Selangor	Two units of 2-storey shop house with built-up area of approximately 8,802 sq. ft. (building age: 19 years)	4,401 sq. ft. total land area	Freehold	1,203	*30.09.2015

* All revalued assets were as of 30 September 2015, except PT. Maju Kalimantan Hadapan, which was at 25 September 2015

** Joint venture land

SHARE CAPITAL

Issued and fully paid-up capital	:	RM647,474,795
No. of shares issued and paid-up	:	585,930,557
Class of equity securities	:	Ordinary shares
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every share held
No. of shareholders	:	6,503

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	Total Holdings	%
1 - 99	540	8.304	18,953	0.003
100 - 1,000	573	8.811	312,906	0.054
1,001 - 10,000	3,141	48.301	14,232,654	2.429
10,001 - 100,000	1,849	28.433	56,694,802	9.676
100,001 - 29,296,526	397	6.105	350,768,108	59.865
29,296,527 and above	3	0.046	163,903,134	27.973
Total	6,503	100.000	585,930,557	100.000

SUBSTANTIAL SHAREHOLDERS

		No. of Shares Held			
	Name of Shareholder	Direct Interest	%	Indirect Interest	%
1	Chen Choy & Sons Realty Sdn Bhd ("CCSR")	115,229,704	19.666	121,095,750*	20.667
2	Public Bank Group Officers' Retirement Benefits Fund	53,352,059	9.106	-	-
3	Tan Sri Dato' Chen Kooi Chiew@ Cheng Ngi Chong	1,487,080	0.254	251,364,358#	42.900
4	Tan Sri Datuk Chen Lok Loi	10,602,844	1.810	242,218,868^	41.339
5	Datuk Chen Fook Wah	547,911	0.094	236,325,454@	40.333

Notes :
* *Deemed interest through shares held in nominee companies.*
\# *Deemed interest through shares held in CCSR, Lotus Way Sdn Bhd and a nominee company.*
^ *Deemed interest through shares held in CCSR and a nominee company.*
@ *Deemed interest through shares held in CCSR.*

Analysis of Shareholdings

As At 29 December 2017

LIST OF TOP 30 SHAREHOLDERS
(Without Aggregating Securities From Different Securities Accounts Belonging To the Same Registered Holder)

No.	Name	Shareholdings	%
1	Chen Choy & Sons Realty Sdn Bhd	50,310,000	8.586
2	Chen Choy & Sons Realty Sdn Bhd	46,040,000	7.858
3	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Public Bank Group Officers' Retirement Benefits Fund	34,553,134	5.897
4	Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	33,000,000	5.632
5	Chen Choy & Sons Realty Sdn Berhad	18,879,704	3.222
6	Public Invest Nominees (Tempatan) Sdn Bhd Qualifier: Public Bank Group Officers' Retirement Benefits Fund	18,798,925	3.208
7	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	18,100,000	3.089
8	Maybank Securities Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Investment Bank Berhad For Chen Choy & Sons Realty Sdn Bhd	15,800,000	2.697
9	HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	14,640,000	2.499
10	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	13,980,000	2.386
11	Tan Sri Datuk Chen Lok Loi	10,602,844	1.810
12	UOBM Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	9,100,000	1.553
13	Amsec Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account – AmBank (M) Berhad For Chen Choy & Sons Realty Sdn Bhd	8,590,658	1.466
14	RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Berhad	7,885,092	1.346
15	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	6,675,000	1.139

No.	Name	Shareholdings	%
16	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Qualifier: Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-Cap Fund	6,141,200	1.048
17	RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Cau Vong Holdings Sdn Bhd	6,001,147	1.024
18	Lotus Way Sdn Bhd	5,613,904	0.958
19	Tan Sou Yee	4,321,494	0.738
20	Citigroup Nominees (Asing) Sdn Bhd Qualifier: CBNY For Dimensional Emerging Markets Value Fund	4,014,877	0.685
21	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Great Eastern Life Assurance (Malaysia) Berhad	3,564,800	0.608
22	Goh Thong Beng	3,315,100	0.566
23	Low Siew Lian	3,273,787	0.559
24	United Teochew (Malaysia) Bhd	3,148,207	0.537
25	Key Development Sdn Berhad	3,101,748	0.529
26	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Liberty Alliance (M) Sdn Bhd	3,098,414	0.529
27	Wong Ah Tim @ Ong Ah Tin	3,000,000	0.512
28	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board	2,818,030	0.481
29	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Liberty Alliance (M) Sdn Bhd	2,800,000	0.478
30	Cau Vong Holdings Sdn Bhd	2,778,364	0.474
TOTAL		363,946,429	62.114

DIRECTORS' **SHAREHOLDINGS**

As At 29 December 2017

MKH BERHAD

Name of Directors	No. of Ordinary Shares Held Direct Interest	%	Indirect Interest	%
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1,487,080	0.254	251,364,358*	42.900
Tan Sri Datuk Chen Lok Loi	10,602,844	1.810	242,218,868^	41.339
Datuk Chen Fook Wah	547,911	0.094	236,325,454#	40.333
Mohammed Chudi Bin Haji Ghazali	67,361	0.011	-	-
Haji Mohamed Bin Ismail	6,500	0.001	-	-

Notes :-

* Deemed interest through shares held in Chen Choy & Sons Realty Sdn Bhd ("CCSR"), Lotus Way Sdn Bhd and a nominee company.

^ Deemed interest through shares held in CCSR and a nominee company.

Deemed interest through shares held in CCSR.

RELATED COMPANY
- Srijang Kemajuan Sdn Bhd

Name of Directors	No. of Ordinary Shares Held Direct Interest	%	Indirect Interest	%
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1	Negligible	-	-

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth Annual General Meeting ("38th AGM") of MKH Berhad will be held at Ballroom, 1st Floor, Prescott Hotel Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 8 March 2018 at 10.00 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2017 together with the Directors' and Auditors' reports thereon. **(Please refer to Explanatory Note A)**

2. To approve the payment of Directors' fees amounting to RM250,000 for the financial year ended 30 September 2017 to the Non-Executive Directors. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors from 31 January 2017 until the next Annual General Meeting of the Company. **(Ordinary Resolution 2)**

4. To re-elect Encik Jeffrey Bin Bosra who retires by rotation pursuant to Article 110(1) of the Company's Constitution and being eligible, have offered himself for re-election. **(Ordinary Resolution 3)**

5. To re-appoint the following Directors who retire at the conclusion of the Thirty-Eighth Annual General Meeting:
   (a) Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong **(Ordinary Resolution 4)**
   (b) Datuk Mohammad Bin Maidon **(Ordinary Resolution 5)**
   (c) Encik Mohammed Chudi Bin Haji Ghazali **(Ordinary Resolution 6)**
   (d) Haji Mohamed Bin Ismail **(Ordinary Resolution 7)**
   (e) Haji Hasan Aziz Bin Mohd Johan **(Ordinary Resolution 8)**

6. To re-appoint Messrs Deloitte PLT as the Company's Auditors for the financial year ending 30 September 2018 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 9)**

SPECIAL BUSINESS:

To consider and if thought fit, to pass the following ordinary resolutions:

7. Ordinary Resolution
   Authority To Issue Shares Pursuant To Sections 75 and 76 Of The Companies Act 2016.

   "**THAT** subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) or party(ies) whomsoever as the Directors may in their absolute discretion, deem fit and expedient in the best interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 per centum of the total number of issued shares of the Company for the time being and THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 10)**

8. Ordinary Resolution
Proposed Renewal Of Authority For The Company To Purchase Its Own Shares (“Proposed Renewal Of Share Buy-Back”)

“**THAT** subject to the Companies Act 2016 (“the Act”), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Directors of the Company be and are hereby authorised to exercise the power of the Company to purchase such amount of ordinary shares in the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company subject further to the following:

(i) the aggregate number of shares purchased does not exceed 10% of the existing number of shares of the Company (“Purchased Shares”) at the point of purchase;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Purchased Shares shall not exceed the total retained profits of the Company at the time of the purchase(s); and

(iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:
(a) the conclusion of the next Annual General Meeting (“AGM”) of the Company unless the authority is renewed subject to conditions; or
(b) the expiration of the period within which the next AGM after that date is required by law to be held; or
(c) it is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first,

(iv) upon the completion of the purchase(s) of the Purchased Shares, the Directors of the Company be and are hereby authorised to deal with the Purchased Shares in the following manner:-
(a) to cancel the Purchased Shares so purchased; or
(b) to retain the Purchased Shares so purchased as treasury shares for distribution as dividends to the shareholders and/or resold on the market of Bursa Securities; or
(c) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
(d) to deal in such other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with fullest power to do all such acts and things thereafter as the Directors may deem fit and expedient in the best interest of the Company.”

(Ordinary Resolution 11)

9. Ordinary Resolution
Retention of Independent Directors/Continuing in office as Independent Non-Executive Directors

   (a) "**THAT** subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Encik Jeffrey Bin Bosra who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company."

(Ordinary Resolution 12)

   (b) "**THAT** subject to the passing of Ordinary Resolution 6 and contingent upon the polling results vis-a-vis the required two-tier voting process pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017, approval be and is hereby given to Encik Mohammed Chudi Bin Haji Ghazali who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company."

(Ordinary Resolution 13)

ANY OTHER BUSINESS:

10. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board,

TAN WAN SAN (MIA 10195)
Group Company Secretary
Kajang, Selangor Darul Ehsan
Date : 29 January 2018

Notes:

1. Appointment of Proxy

a) A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative may but need not be a member of the Company.

b) The power of attorney or an office copy or a notarially certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its common seal or in the manner authorised by its constitution.

c) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.

d) *If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

e) *Only members whose names appear in the Record of Depositors as at 1 March 2018 will be entitled to attend and vote at the meeting or appoint a proxy or proxies to attend and vote in his/her stead.*

f) *The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or an office copy or a notarially certified copy thereof must be deposited at the registered office at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, at least 48 hours before the time appointed for holding the meeting.*

2. *Poll Voting*

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the notice of 38th Annual General Meeting will be put to vote by poll.

3. *Explanatory Note A*

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

4. *Ordinary Resolution 1 – Payments of Directors' fees to Non-Executive Directors for financial year ended 30 September 2017*

The Proposed Directors' fees of RM250,000 be maintained as per the previous financial year 2016 to be shared in equal proportion of RM50,000 for each Non-Executive Director of the Company.

5. *Ordinary Resolution 2 – Payments of Directors' benefits (excluding Directors' fees) to Non-Executive Directors*

Pursuant to Section 230 of the Companies Act 2016 which came into force on 31 January 2017, any fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Company is seeking shareholders' approval on the benefits/emoluments payable to the Non-Executive Directors which comprises of meeting allowance of RM750 per meeting of the Board and Board Committees. In addition, lodging allowance of RM250 and food allowance of RM220 per day and traveling allowance of up to RM650 to be given to outstation Non-Executive Director(s) in relation to attending the meeting of the Board and Board Committees for the period commencing 31 January 2017 until the next Annual General Meeting ("AGM") of the Company.

6. ***Ordinary Resolutions 4 to 8 – To re-appoint Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Datuk Mohammad Bin Maidon, Encik Mohammed Chudi Bin Haji Ghazali, Haji Mohamed Bin Ismail and Haji Hasan Aziz Bin Mohd Johan.***

   Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Datuk Mohammad Bin Maidon, Encik Mohammed Chudi Bin Haji Ghazali, Haji Mohamed Bin Ismail and Haji Hasan Aziz Bin Mohd Johan were re-appointed as Directors of the Company at the Thirty-Seventh Annual General Meeting ("37th AGM") of the Company held on 23 February 2017 pursuant to Section 129(6) of the repealed Companies Act, 1965, to hold office until the conclusion of the 38th AGM.

   The Companies Act, 2016 which came into force on 31 January 2017, abolished the 70-years age limit for directors and the corresponding requirement for the continuing in office of directors of or over the age of 70 to be subjected to members' approval at each AGM. As such, Ordinary Resolutions 4 to 8 if passed, will enable Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Datuk Mohammad Bin Maidon, Encik Mohammed Chudi Bin Haji Ghazali, Haji Mohamed Bin Ismail and Haji Hasan Aziz Bin Mohd Johan respectively to continue in office until such time that they are subject to retirement by rotations in accordance with the requirements of the Company's Constitution.

7. ***Explanatory Statement Pertaining to Special Business***

   Ordinary Resolution 10

   The Proposed Ordinary Resolution 10 is for the purpose of granting a renewed mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the general mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 37th AGM which will lapse at the conclusion of the 38th AGM to be held on 8 March 2018.

   Ordinary Resolution 11

   The Proposed Ordinary Resolution 11, if passed, will give authority to the Directors of the Company to exercise the power of the Company to purchase up to 10% of the existing number of shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

   The detailed information on the Proposed Renewal of Share Buy-Back is set out in the Statement to Shareholders dated 29 January 2018 which is dispatched together with the Annual Report 2017.

Ordinary Resolutions 12 and 13

The Nomination Committee has assessed the independence of the following Directors, who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

Ordinary Resolution 12: Encik Jeffrey Bin Bosra

i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
ii) His vast experience in the auditing industry enabled him to provide the Board with proven experience and competency in advising the management and Board in term of significant accounting policies and practices that enhanced the Company's risk management as he has good knowledge of the business of the Company, and is able to exercise independent and objective judgment without fear or favour.
iii) He has contributed sufficient time and effort in his capacity as an Audit Committee Chairman, and has attended 4 out of 5 of the meetings of the Board and Board Committees which he sits on for informed and balanced decision making.

Ordinary Resolution 13: Encik Mohammed Chudi Bin Haji Ghazali

i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
ii) His vast experience in the banking industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
iii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.
iv) He has attended all the meetings of the Board and Board Committees (i.e. devoted sufficient time and attention) which he sits on, and has participated actively in the Board and Board Committees deliberations.

STATEMENT ACCOMPANYING NOTICE OF
THIRTY-EIGHTH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profiles of the Directors who are standing for re-election/re-appointment (as per Resolutions 3 to 8 as stated above) at the 38th Annual General Meeting of MKH Berhad are set out in the profile of Directors' section from pages 36 to 38 of the Company's Annual Report.

The information relating to the shareholding of the above Directors in the Company and its related corporation are set out on page 216 of the Company's Annual Report.

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MKH

(Company No. 50948-T)
(Incorporated in Malaysia)

FORM OF **PROXY**

I/We ____
NRIC/Passport/Company No.: ______________________ Mobile Phone No.: ____________________
CDS Account No.: ______________________ Number of Shares Held: ______________________
Address: ____
being a member of MKH Berhad hereby appoint:

1) Name of Proxy: ______________________ NRIC/Passport/Company No.: ____________________
   Address: ____
   Number of Shares Represented: ____

^ or failing him/her

2) Name of Proxy: ______________________ NRIC/Passport/Company No.: ____________________
   Address: ____
   Number of Shares Represented: ____

* or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be held at the Ballroom, 1st Floor, Prescott Hotel Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 8 March 2018 at 10.00 a.m. and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of Meeting with "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

RESOLUTIONS		**FOR**	**AGAINST**
Ordinary Resolution 1	- Payment of Directors' Fees for financial year ended 30 September 2017		
Ordinary Resolution 2	- Payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors of the Company		
Ordinary Resolution 3	- Re-election of retiring Director, Encik Jeffrey Bin Bosra		
Ordinary Resolution 4	- Re-appointment of Director, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong		
Ordinary Resolution 5	- Re-appointment of Director, Datuk Mohammad Bin Maidon		
Ordinary Resolution 6	- Re-appointment of Director, Encik Mohammed Chudi Bin Haji Ghazali		
Ordinary Resolution 7	- Re-appointment of Director, Haji Mohamed Bin Ismail		
Ordinary Resolution 8	- Re-appointment of Director, Haji Hasan Aziz Bin Mohd Johan		
Ordinary Resolution 9	- Re-appointment of Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 10	- Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 11	- Proposed Renewal of Authority for Share Buy-Back		
Ordinary Resolution 12	- Retention of Encik Jeffrey Bin Bosra as Independent Non-Executive Director		
Ordinary Resolution 13	- Retention of Encik Mohammed Chudi Bin Haji Ghazali as Independent Non-Executive Director		

Dated this ____________ day of ______________ 2018

____
Signature/Common Seal of Member

* Delete the words "or failing him/ her, the Chairman of the meeting" if you do not wish to appoint the Chairman of the meeting to be your proxy
^ Delete if inapplicable

Notes:-

1. *A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative may but need not be a member of the Company.*
2. *The power of attorney or an office copy or a notarially certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its common seal or in the manner authorised by its constitution.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.*
4. *If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
5. *Only members whose names appear in the Record of Depositors as at 1 March 2018 will be entitled to attend and vote at the meeting or appoint a proxy or proxies to attend and vote in his/her stead.*
6. *The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or an office copy or a notarially certified copy thereof must be deposited at the registered office at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, at least 48 hours before the time appointed for holding the meeting.*
7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of 38th Annual General Meeting will be put to vote by poll.*

Please fold here

Affix
Stamp

THE COMPANY SECRETARY
MKH BERHAD (50948-T)
Suite 1, 5th Floor
Wisma MKH
Jalan Semenyih
43000 Kajang
Selangor Darul Ehsan

Please fold here

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