



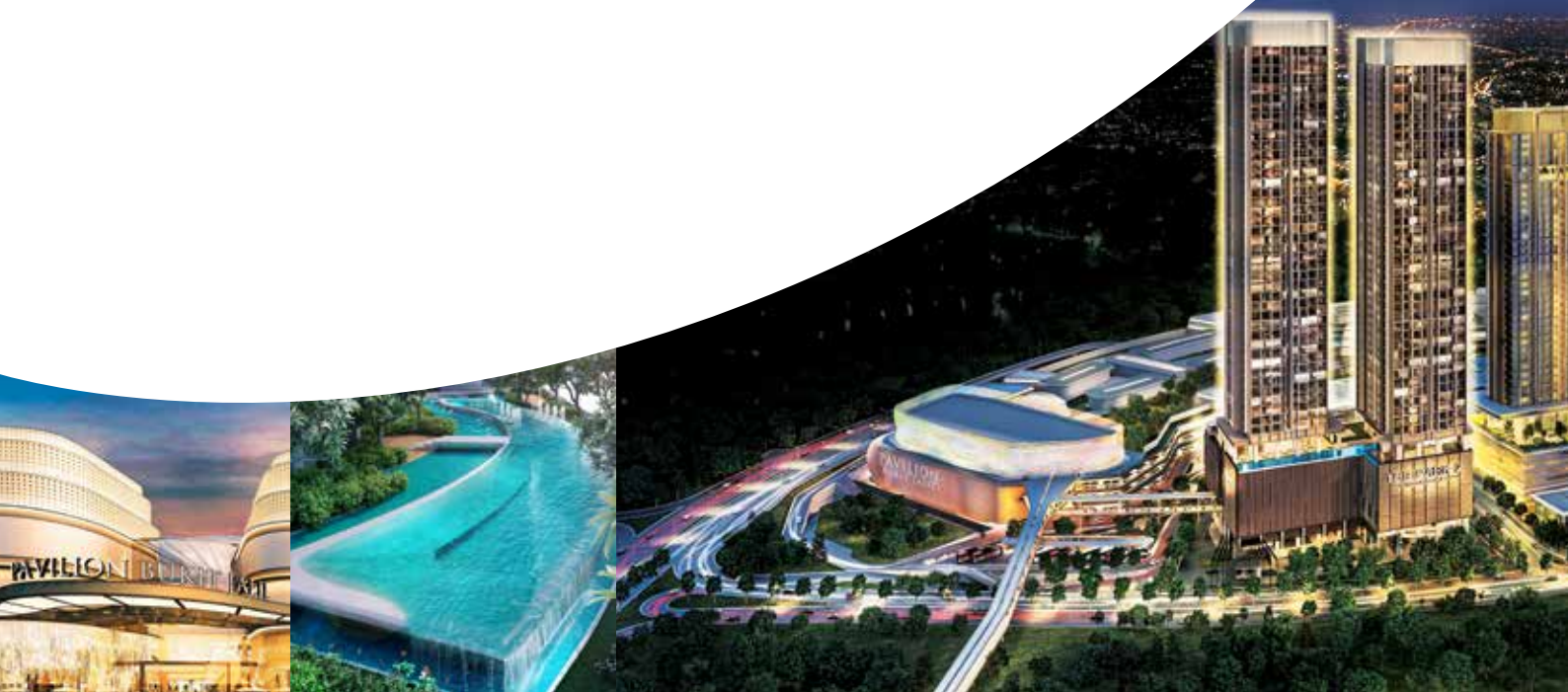


VISION

- To be the leading lifestyle and innovative property developer in the region.

MISSION

- To lead through innovative designs, concepts and products.
- To create enduring value to customers through quality and creative craftsmanship, good master planning and service experience.
- To be responsive to market trends and lifestyle aspirations for the future.
- To deliver sustainable returns to shareholders.





Annual Report 2019

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CORPORATE INFORMATION

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BOARD OF DIRECTORS

Tan Sri Lim Siew Choon
Non-Independent Non-Executive Chairman

Guido Paul Philip Joseph Ravelli
Deputy Chairman/
Independent Non-Executive Director

Hong Lay Chuan
Executive Director

Dato' Siew Mun Wai
Independent Non-Executive Director

Puan Sri Tan Kewi Yong
Executive Director

Chua Thian Teck
Executive Director

Hj Ahmad bin Hj Ismail, PJK
Independent Non-Executive Director

AUDIT COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

Dato' Siew Mun Wai
Member

NOMINATING COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

REMUNERATION COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

Chua Thian Teck
Member

COMPANY SECRETARY

Hor Shiow Jei
MAICSA 7023954

REGISTERED OFFICE

19-0, Level 19, Pavilion Tower
75, Jalan Raja Chulan
50200 Kuala Lumpur
Tel 603-2088 2888
Fax 603-2088 2999

SHARE REGISTRAR

Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel 603-6201 1120
Fax 603-6201 3121

AUDITORS

Deloitte PLT (AF 0080)
Chartered Accountants
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel 603-7610 8888
Fax 603-7726 8986

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Al Rajhi Banking & Investment
Corporation (Malaysia) Bhd
AmBank (M) Berhad
Bangkok Bank Berhad
CIMB Bank Berhad
Industrial and Commercial Bank of
China (Malaysia) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

COMPANY WEBSITE

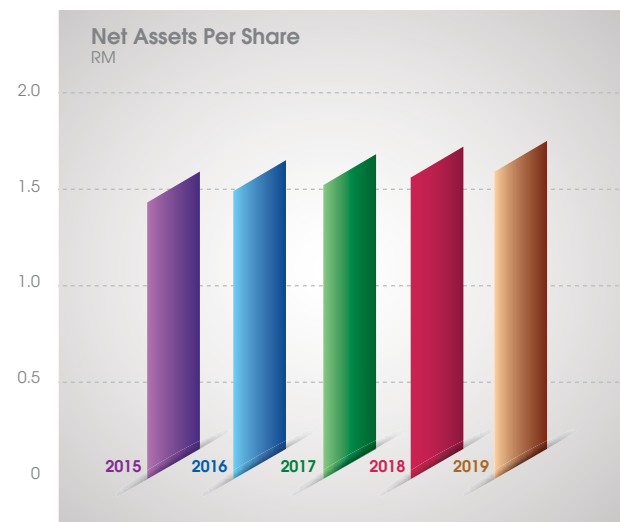
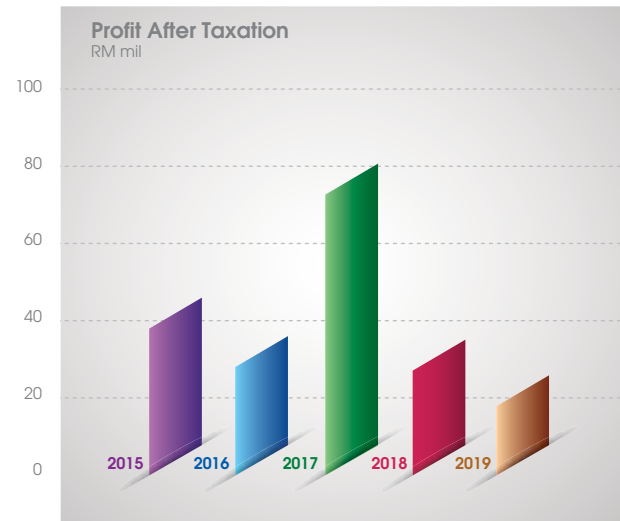
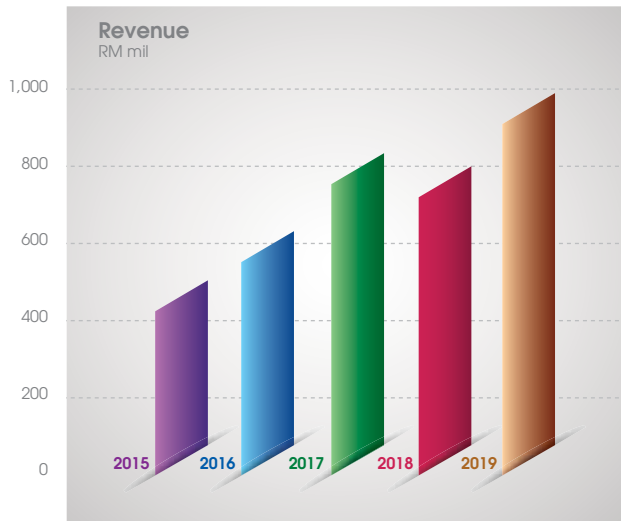
www.malton.com.my

CORPORATE STRUCTURE AS OF 25 OCTOBER 2019



GROUP FINANCIAL HIGHLIGHTS

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Year Ended 30 June	2019	2018 (Restated)	2017 (Restated)	2016	2015
Revenue (RM'000)	992,124	802,866	833,889	632,216	503,444
Profit Before Taxation (RM'000)	68,161	61,038	127,378	71,201	75,700
Profit After Taxation (RM'000)	25,936	35,477	80,365	36,315	45,847
Total Comprehensive Income Attributable to Owners of the Company (RM'000)	26,339	36,305	80,470	37,272	45,906
Share Capital (RM'000)	528,552	528,552	528,176	448,416	448,416
Equity Attributable to Equity Holders of the Company (RM'000)	924,098	908,322	884,926	738,497	714,677
Total Assets (RM'000)	3,030,926	2,630,035	2,628,420	2,101,400	1,575,576
Basic Earnings Per Share (Sen)	5.00	6.88	17.27	8.12	10.47
Net Assets Per Share (RM)	1.75	1.72	1.68	1.65	1.59

BOARD OF DIRECTORS

TAN SRI LIM SIEW CHOON

Malaysian Male/Non-Independent Non-Executive Chairman

Tan Sri Lim Siew Choon, age 59, received his tertiary education in the United States of America and graduated with a Degree in Business Administration and Finance from University of Central Oklahoma. He has been involved in the property development and construction industries for more than 36 years.

He was appointed the Executive Chairman of Malton Berhad on 15 February 2001. He was redesignated Non-Executive Chairman of Malton Berhad on 3 January 2017. He attended five of the six board meetings held during the financial year ended 30 June 2019. He is the Chairman and Non-Independent Executive Director of Pavilion REIT Management Sdn Bhd, the Manager of Pavilion Real Estate Investment Trust and Executive Chairman of WCT Holdings Berhad. Both Pavilion Real Estate Investment Trust and WCT Holdings Berhad are listed on the Main Market of Bursa Malaysia Securities Berhad.

His spouse, Puan Sri Tan Kewi Yong is an Executive Director and a major shareholder of Malton Berhad. He does not have any conflict of interest with Malton Berhad other than the disclosures made under Recurrent Related Party Transactions which appear on pages 32 to 33 and Related Party Transactions and Balances in the Financial Statements which appear on pages 120 to 122 of this Annual Report.

He is a major shareholder of Malton Berhad. His interests in the shares of Malton Berhad are set out in the Statement of Shareholders which appear on pages 170 to 172 of this Annual Report. He has no conviction for offences within the past 5 years.

GUIDO PAUL PHILIP JOSEPH RAVELLI

British Male/Deputy Chairman/Independent Non-Executive Director

Mr Paul Ravelli, age 68, studied civil engineering at King's College, University of London and graduated with a Bachelor of Science (Hons) degree in Civil Engineering. He furthered his studies at Ecole Centrale des Arts et Manufactures, Paris and was later conferred Master of Science in Engineering. He began his career with a major building contractor in Paris and later elected to pursue an international career in the field of construction. He spent 30 years with one of the largest international construction groups, and has more than 40 years of experience in the development, implementation and management of buildings, public works and Build/Operation/Transfer projects in France, Hong Kong SAR, Malaysia, Portugal and South-East Asia. In year 2000, the President of France conferred a national honour on him by making him, a Chevalier de l'Ordre National du Merite, in recognition of his contribution to the profession and to Franco-Asian business relations. Since 2003, he has also been involved in the associated gas and power sector, in various countries.

He was appointed an Independent Non-Executive Director of Malton Berhad on 1 March 2002. He was subsequently appointed the Deputy Chairman of Malton Berhad on 6 November 2002. He is the Chairman of the Audit Committee and also chairs the Nominating Committee and Remuneration Committee. He is a member of the Institute of Internal Auditors Malaysia. He also sits on the Board of Directors of Ibraco Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad.

He attended all six board meetings held during the financial year ended 30 June 2019. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad. He has no convictions for offences within the past 5 years. He does not hold any securities in Malton Berhad.

BOARD OF DIRECTORS

(cont'd)

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PUAN SRI TAN KEWI YONG

Malaysian Female/Executive Director

Puan Sri Tan Kewi Yong, age 63, pursued her tertiary education in the United Kingdom majoring in Business and Marketing Studies. She was instrumental in setting up various successful business ventures since her initial foray into trading and distribution businesses. Having acquired knowledge in diverse range of business and industry sectors she possesses experience ranging from retail, marketing, finance and strategic management. She continues to extend her scope of experience, having been involved actively in the property development and real estate investment sectors.

She was appointed an Executive Director of Malton Berhad on 19 February 2002. She attended five of the six board meetings held during the financial year ended 30 June 2019. She is an Executive Director of Pavilion REIT Management Sdn Bhd, the Manager of Pavilion Real Estate Investment Trust, also listed on the Main Market of Bursa Malaysia Securities Berhad.

Her spouse, Tan Sri Lim Siew Choon is the Non-Independent Non-Executive Chairman and a major shareholder of Malton Berhad. She does not have any conflict of interest with Malton Berhad other than the disclosures made under Related Party Transactions and Balances in the Financial Statements which appear on pages 120 to 122 of this Annual Report. She does not hold any shares in Malton Berhad other than the disclosures made in the Statement of Shareholders which appear on pages 170 to 172 of this Annual Report. She has no conviction for offences within the past 5 years.

CHUA THIAN TECK

Malaysian Male/Executive Director

Mr Chua Thian Teck, age 60, is a Fellow Member of the Association of Chartered Certified Accountants. He has more than 31 years of experience in accounting and financial services and in the course of his career, has acquired valuable knowledge particularly in corporate planning and finance.

He was appointed an Executive Director of Malton Berhad on 25 September 2002. He is a member of the Remuneration Committee.

He attended all six board meetings held during the financial year ended 30 June 2019. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad other than the disclosures made under Related Party Transactions and Balances in the Financial Statements which appear on pages 120 to 122 of this Annual Report. He does not hold any shares in Malton Berhad. He has no conviction for offences within the past 5 years.

HONG LAY CHUAN

Malaysian Male/Executive Director

Mr Hong Lay Chuan, age 61, holds a Bachelor of Science degree in Housing, Building & Planning. His 37 years of working experience covers several business sectors including Banking & Finance, Trading, Retail & Property Management, Property Development and Construction.

He had 15 years of experience in the retail banking industry before joining the group as General Manager in charge of banking and project financing. He was seconded to a Trading, Retail & Property Development company as an Executive Director for several years before rejoining Malton Group in 2003 as an Executive Director of Bukit Rimau Development Sdn Bhd, a wholly-owned subsidiary of Malton Berhad.

He was appointed an Executive Director of Malton Berhad on 19 February 2009. He attended all six board meetings held during the financial year ended 30 June 2019. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad. He does not hold any shares in Malton Berhad. He has no conviction for offences within the past 5 years.

HJ AHMAD BIN HJ ISMAIL, PJK

Malaysian Male/Independent Non-Executive Director

Hj Ahmad bin Hj Ismail, PJK, age 77, graduated with an Honours Degree in Malay Studies from Universiti Malaya in 1974. Upon graduation, he served as a lecturer of Malay Studies at Universiti Putra Malaysia until his retirement in 1997. During his tenure at the university, he played a prominent role in the development of the Malay Language.

He was appointed an Independent Non-Executive Director of Malton Berhad on 25 September 2002. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee. He is a member of the Institute of Internal Auditors Malaysia.

He attended all six board meetings held during the financial year ended 30 June 2019. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad. He does not hold any shares in Malton Berhad. He has no convictions for offences within the past 5 years.

BOARD OF DIRECTORS

(cont'd)

DATO' SIEW MUN WAI

Malaysian Male/Independent Non-Executive Director

Dato' Siew Mun Wai (Edward), age 62, is a Fellow Member of the Institute of Chartered Accountants in England & Wales (ICAEW) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

After completing his ICAEW with over 8 years public practice in London, he returned to Malaysia and worked briefly for Southern Bank Berhad (now CIMB) before moving to Hong Kong to join HSBC. This was followed by over 26 years of international expatriation in C-suite roles at the L'Oreal Group and the Ciba-Geigy (now Novartis) Group, managing their subsidiaries in Melbourne, Seoul, Paris, Bangkok, Singapore, Jakarta, Taipei and Hong Kong. He was on the Boards of these subsidiaries representing the public listed parent company's interests. Most recently, he was the Acting Global CEO/Global CFO of Crabtree & Evelyn London.

From 2011-2014, he was an Independent Director and chaired the Audit Committee of an ASX-listed junior mining company. He was Vice-Chairman of the Taipei English School and Board member of the Taipei European Schools whilst expatriated in Taipei and remains committed to the academia as a pro-bono guest speaker at various local Universities and the Malaysian Institute of Corporate Governance. He is today a member of the Sunway University Business School Industry Advisory Board and was an Associate Faculty Member of the Othman Yeop Abdullah Graduate School of Business at Universiti Utara Malaysia.

He was appointed an Independent Non-Executive Director and a member of the Audit Committee of Malton Berhad on 1 August 2018. He attended all six board meetings held during the financial year ended 30 June 2019. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad. He does not hold any shares in Malton Berhad. He has no convictions for offences within the past 5 years.

CHAIRMAN'S STATEMENT

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Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Financial Statements of Malton Berhad ('Malton') and its subsidiaries ('the Group') for the financial year ended 30 June 2019 ('FY2019'). Details of the Group's business and performance are further presented under the Management Discussion & Analysis Report.

GROUP PERFORMANCE

The property industry during the year under review remained subdued, faced with global and regional economic headwinds. Despite rising economic confidence due to growing pent-up demand and various Government as well as industry initiatives to encourage home ownership, performance of the property sector remained lacklustre in FY2019 given a clear mismatch between demand and supply particularly within the mass, middle income demographic.

Amid the challenging operating environment, the Group's revenue for FY2019 improved by 23.6% to RM992.1 million as compared to RM802.9 million (Restated) in the previous corresponding financial year, attributed to higher revenue from Property Development and Construction divisions.

The Group's profit before tax for the current financial year increased by 11.7% to RM68.2 million as compared to RM61.0 million (Restated) reported in the previous financial year. This improvement was attributed to higher margin from the Property Development division although the Construction division achieved a lower margin due to provision for impairment loss and write off of RM15.4 million and RM11.2 million respectively from trade receivables in the current financial year. In addition, the previous corresponding financial year included a group gain of RM30.0 million on revocation of a joint development agreement of a subsidiary company.

Property Development division remained the key driver of our operations and accounted for 60.4% of the Group's total revenue, while revenue from Construction division accounted for 39.5% with a further 0.01% from others. Further details of the Group's financial performance are contained in the Management Discussion and Analysis section herein.

FY2019 marked a significant milestone for the Group as Qatar Investment Authority ('QIA') came on board to participate in the ownership of Pavilion Bukit Jalil mall. Malton had entered into a Sale and Purchase Agreement to dispose Pavilion Bukit Jalil mall for RM1.48 billion cash to Regal Path Sdn Bhd ('Regal

Path') on 28 May 2019. Subsequent to year-end, Regal Path became a joint venture company of Malton's wholly-owned subsidiary Khuan Choo Realty Sdn Bhd, QIA's wholly owned subsidiary Q PBJ Sdn Bhd and Jelang Tegas Sdn Bhd.

The disposal will allow the Group to immediately unlock the potential value and monetise its investment in the development of the Pavilion Bukit Jalil mall. The strategic partnerships will enable the Group to grow strongly without over-extending its balance sheet as the cash proceeds received from the disposal will alleviate the financial burden of the Group moving forward vis-à-vis completing the development entirely with the Group's own financial resources.

DIVIDENDS

The Group endeavours to maintain consistent and sustainable dividends to its shareholders. Amidst a challenging operating year, the Board of Directors has proposed a first and final single-tier dividend of 1.5 sen per ordinary share for FY2019. This is subject to shareholders' approval at the upcoming Annual General Meeting.

ECONOMIC OVERVIEW

The economy is predicted to grow moderately by 4.7% in 2019 and improving to 4.8% in 2020, while inflation is expected to remain well anchored at 2% in 2020. Following the Budget 2020 which is growth-centric, the Malaysian financial system will remain resilient going forward, despite a challenging global environment and high degree of volatility in the international financial markets throughout the year.

As a trade war of unprecedented scope and magnitude looms between the world's two largest economies – the US and China, uncertainty has engulfed the global financial markets causing global economy growth to slow. The International Monetary Fund has also revised downward the global economic growth forecast for the year 2019 from 3.9% in July 2018 to 3.2% in July 2019.

CHAIRMAN'S STATEMENT (cont'd)



Malaysia as a trading nation is highly dependent on exports and the looming trade war is expected to have a direct impact to its export revenue. However, with economic policies and reforms implemented by the Government, our economy is projected to remain resilient. In the first half of 2019, GDP growth was 4.7%, with a growth rate of 4.9% in the second quarter as compared to 4.5% recorded in the first quarter of 2019.

Themed 'Driving Growth and Equitable Outcomes Towards Shared Prosperity', the Budget 2020 tabled by the Ministry of Finance is well crafted as a catalyst for the Shared Prosperity Vision, a balm for people struggling with high cost of living while driving economic growth in the new economy and digital era. It manifested the Government's commitment to strengthen the country's financial position and improve the business climate by making Malaysia the preferred destination for investment.

The protracted trade war creates a unique opportunity for Malaysia to again be the preferred destination for high value-added Foreign Direct Investments ('FDI'). As part of the strategic push to attract targeted Fortune 500 companies and global unicorns in high technology, manufacturing, creative and new economic sectors, the Government will also make available up to RM1 billion in customised packaged investment incentives annually over 5 years.

In the Government's efforts to encourage home ownership by Malaysians and address those who are unable to afford the initial 10% down payment, the Government will collaborate with financial institutions to introduce a Rent-To-Own ('RTO') financing scheme. This RTO scheme is for first-time home buyers for

property price up to RM500,000. Under this scheme, the applicant will rent the property for up to five years and after the first year, the tenant will have the option to purchase the house based on the price fixed at the time the tenancy agreement is signed. In addition, the Government will provide stamp duty exemptions on the instruments of transfer between the developer and financial institution, and between financial institutions and the buyer in this scheme.

As for youths purchasing their first home, the Government will extend the Youth Housing Scheme administered by Bank Simpanan Nasional from 1 January 2020 to 31 December 2021. The scheme also offers a 10% loan guarantee through Cagamas Berhad ('National Mortgage Corporation') to enable borrowers of full financing and RM200 monthly instalment assistance for the first two years limited to 10,000 home units.

To reduce the high number of overhang high-rise properties currently amounting to RM8.3 billion, the Government has lowered the threshold on high-rise property prices in urban areas for foreign ownership from RM1 million to RM600,000 for both the primary and secondary market in 2020. The Government will also enhance the Real Property Gain Tax ('RPGT') imposed on the disposal of properties after five years by revising the base year for asset acquisition at 1 January 2013 for assets acquired before 1 January 2013 as compared to the previous base year of 1 January 2000.

These are the new measures introduced by the Government to address the housing issues in addition to helping the lower-income group to purchase their

CHAIRMAN'S STATEMENT

(cont'd)

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first homes under the Fund for Affordable Homes and House Ownership Campaign ('HOC') introduced since January 2019. Under the HOC, Malaysian citizens will get to enjoy stamp duty exemptions on the instrument of transfer and instrument on loan agreement apart from enjoying 10% discount from the selling price for new residential properties priced between RM300,000 to RM2.5 million from January 2019 – December 2019.

On the construction industry, this sector is expected to grow further to 3.7% in 2020 from 1.7% projected in 2019 on account of acceleration and revival of mega projects as well as building of affordable homes. The continuation of megaprojects such as the MRT2 and LRT3 will also boost the real estate and business services subsector and it is estimated to grow 7.6% in 2019. In 2020, the subsector is forecast to grow 7.8%, supported by higher demand for construction-related services with the continuation of mega projects such as the ECRL and Bandar Malaysia.

CHALLENGES AND PROSPECTS FOR FINANCIAL YEAR 2020 ('FY2020')

We appreciate the Government's efforts to boost housing affordability for all Malaysians and encourage home ownership from B40 segment to first-time homebuyers and foreign buyers. The property industry will experience positive sentiments following the new initiatives from the Government, notably feasible loan scheme and down payments for first-time homebuyers, RTO financing scheme, Youth Housing Scheme, lower threshold price for purchases by foreigners, revised RPGT base year and the continuation of HOC incentives. The reduction of foreign home ownership threshold would definitely boost the demand-side for overhang properties via foreign purchase, and is a much-needed catalyst for the current weak market conditions.

We applaud the success of the current market-friendly incentives under HOC and Fund for Affordable Homes which have stimulated the property market in the past six months. The HOC, coupled with other measures such as exemption of SST on building materials, have been generally positive for the property sector. We hope the HOC will be further extended till next year and along with the newly announced market-stimulating policies by the Government in Budget 2020, this will further help to speed up the recovery process in Malaysia's property market.

While we are bullish with the steady growth of Malaysian economy in FY2020 underpinned by positive sentiments and private sector activities following the growth-centric Budget 2020, we shall take a prudent approach in our strategy as fair share of challenges looms in the near term. This is due to prevailing global issues such as heightened trade tensions and uncertainties over Brexit persist. The property sector will require time for meaningful

recovery with the prolonged overhang of residential and commercial properties, despite growing pent-up demand and various Government and industry initiatives to encourage home ownership, particularly within the mass, middle-income demographic.

The strategic partnership between Malton and QIA is in tandem with the Government's efforts to attract genuine foreign investments and spur FDI growth, making Malaysia the preferred destination for investment. QIA's participation in the ownership of Pavilion Bukit Jalil mall is indeed a testimony of its confidence not just in the properties managed by the Group, but Malaysia as a stable and high potential investment destination. This foreign investment fortifies QIA's deliberate path for long-term benefits in Malaysia which will help to accelerate FDI growth in Malaysia.

Developed by Malton, Pavilion Bukit Jalil mall is part of the 50-acre Bukit Jalil City flagship project slated for completion by March 2021. With an estimated net lettable area of 1.8 million square feet, the iconic Pavilion Bukit Jalil mall will be one of the country's largest regional shopping hubs that will rejuvenate Bukit Jalil into a vibrant destination for business, best-in-class shopping experience, dining, leisure and entertainment hub to both local and tourists alike.

Barring any unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory result for the financial year ending 30 June 2020 through sizeable ongoing property developments and construction projects as well as sustainable growth plans.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and management team, I wish to express my deepest gratitude to the late Managing Director, Mr. Michael Lim Siew Fai for his invaluable contributions and service to the Group.

I would like to thank management team and employees for their dedication and contributions to the Group. Appreciation is also extended to our esteemed customers, suppliers, business associates, bankers, various regulatory authorities, media and our loyal shareholders for the continued support and vote of confidence in the Group.

In closing, I would like to extend my sincere thanks to my fellow Board members for your valued guidance and continued contribution to the Board.

On behalf of the Board,
Malton Berhad

Tan Sri Lim Siew Choon
Non-Executive Chairman
25 October 2019

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESS AND OPERATIONS REVIEW

Listed on the Main Board of Bursa Malaysia in 2002, Malton Berhad ('Malton') and its subsidiaries ('the Group') are principally involved in Property Development, Construction and Project Management. Since its inception in 1980, the Group has continuously placed great emphasis on innovative master planning and concept underpinned by good locations and well crafted environment in creating not just harmonious living, but to deliver high value creation to its property buyers across Greater Klang Valley and Johor. Through its construction arm and wholly owned subsidiary Domain Resources Sdn Bhd ('Domain'), the Group has completed large scale private developments including shopping malls, highway interchange, aircraft engineering complex, residential townships and high-rise development.

The Group creates economic value, integrate social and governance considerations across its businesses. Riding on its strength and competencies in Property Development, Construction and Project Management, Malton will continue to shape and meet lifestyle aspirations of every generation with uncompromising commitment to design excellence, build quality and timely delivery.

According to the National Property Information Centre data, the property market performance recorded a marginal increase in the first half of 2019 ('H1 2019') as compared to the same period last year ('H1 2018'). The property sector recorded 160,172 transactions worth RM68.3 billion in H1 2019, increase by 6.9% in volume and 0.8% in value as compared to H1 2018 which recorded 149,862 transactions worth RM67.7 billion. Residential property continued to support the overall property sector with 62.4% market share, followed by agriculture property with 21.6% share. Performance across the states in both residential and commercial properties improved in the review period. In the primary market, the number of new launches in H1 2019 were far behind, contracted by 49.4% as compared to H1 2018.

For residential property, there were 99,922 transactions worth RM34.7 billion recorded in H1 2019, an increase of 6.1% in volume and 9.5% in value. Sales performance was moderate at 30.9%, better compared to H1 2018 (20.1%) and H2 2018 (29.2%). The residential sub-sector overhang continued to increase but at a lower rate than the year before. A total of 32,810 residential units valued over RM19.8 billion remained unsold in H1 2019. As for the commercial property, there were 12,960 transactions worth RM12.5 billion recorded, up by 20.4% in volume but value declined by 20.8%. The non-



residential subsector continues to decline in 2019 due to rising property overhang and low incoming supply.

Meanwhile, the construction sector in Malaysia is expected to be supported by on-going infrastructure development with the continuing external uncertainties and slow domestic growth. The construction sector recorded a marginal increase of 0.4% during H1 2019 and growth is expected to expand 1.7% in 2019, mainly supported by the civil engineering segment, particularly infrastructure-related project according to the Economic Outlook Report 2020 by Ministry of Finance.

For the Group, the Property Development division in the first half of financial year 2019 ('FY2019') had remained subdued due to the unprecedented large property overhang, strict bank lending guidelines, greater focus on affordable homes below RM500,000 and the easing in house price growth which had been reflective of weaker demand for properties in the higher-priced segments. In tandem with the market trend, we had scaled back on new launches in light of the clear mismatch between demand and supply as many Malaysians, particularly from the B40 and M40 group, are priced out of the property market. This mismatch is mainly due to property prices rising faster than household income.

However, there is an improved purchasing sentiment in the local property market in the second half of FY2019 due to the Home Ownership Campaign ('HOC') initiated by the Housing and Finance Ministries from 1 January 2019 - 31 December 2019, a joint-effort with the Real Estate and Housing Developers' Association Malaysia under the 2019 Budget. The HOC is to assist first-time buyers to own a property and help reduce unsold properties in the market. The improved purchasing sentiment in the market was also due to stamp duty exemptions and Bank Negara Malaysia's downward revision of its Overnight Policy Rate to 3%.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

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Malton has been participating in the HOC which provides a good opportunity for us to stir interest among homebuyers who adopted the wait-and-see attitude. Hence, this housing-friendly incentive has helped to improve our sales along with our ongoing creative marketing initiatives. As the Group had taken a more pragmatic approach in scaling down our new launches in the light of softer market sentiments, the Property Development division recorded RM485.3 million sales in FY2019 compared to RM626.7 million sales in FY2018. Along with the Bukit Rimau Villa 22 new launch, the ongoing developments namely, The Park Sky Residence, The Park 2, Duta Park Residences, Rapid City Centre and BAC Tower contributed to the Group's total sales. The total unbilled sales stood at RM1.1 billion as at 30 June 2019.

On the Construction division, besides undertaking the Group's internal construction activities, it has also secured approximately RM1.6 billion worth of contracts with RM807.8 million of outstanding order book. Ongoing construction projects that contributed to the financial year include mainly Pavilion Damansara Heights, Pavilion Ceylon Hill, Pavilion Embassy, Pavilion Hotel Kuala Lumpur and Villa Heights.



FINANCIAL REVIEW

For the current FY2019, the Group registered higher revenue of RM992.1 million and higher profit before tax of RM68.2 million compared to FY2018. The Group's revenue in FY2019 improved by 23.6% from RM802.9 million (Restated) recorded in FY2018, attributed to higher contribution from both the Property Development and Construction divisions. Revenue from the Property Development and Construction divisions increased by 39.3% and 2.7% respectively due to higher billings from Duta Park Residences, The Park 2 and BAC Tower for properties coupled with higher work progress along with commencement of external projects for construction in the current financial year.

In tandem with higher revenue, the gross profit from Property Development division improved by 69.7% to RM138.8 million, mainly due to initial billings from new projects during FY2019 and higher billings from the on-going projects. However, gross profit from the Construction division declined by 10.5% to RM59.5 million in FY2019 mainly attributed to higher labour and materials costs.

The Group's total assets remained healthy and grew by 15.2% to RM3.0 billion as at 30 June 2019 compared to RM2.6 billion as at 30 June 2018, attributable to profits generated during the current financial year, accruals of proprietor's entitlement for Pavilion Bukit Jalil mall and increased in contract assets as work progresses for the construction division. Consequently, the Group's net assets per share improved to RM1.75 as at 30 June 2019 from RM1.72 a year ago.

During the financial year under review, the Group's gearing ratio increased to 0.59 times from 0.40 times in the preceding year mainly due to higher bank borrowings. Shareholders' equity continued to grow strongly by 1.7% to RM924.1 million on higher retained profits.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

STRENGTHENING VIA STRATEGIC PARTNERSHIPS

On 28 May 2019, Malton had entered into a Sale and Purchase Agreement to dispose Pavilion Bukit Jalil mall for RM1.48 billion cash to Regal Path Sdn Bhd ('Regal Path'). This will enable the Group to immediately unlock the potential value and monetise its investment in Pavilion Bukit Jalil mall. The cash proceeds received will facilitate the completion of the Pavilion Bukit Jalil mall targeted in March 2021.

Berhad and United Overseas Bank (Malaysia) Berhad. The syndicated banking facilities together with the equity contribution of RM830 million by the three strategic investors will be utilised to finance the acquisition of the Pavilion Bukit Jalil mall from Pioneer Haven Sdn Bhd, a wholly owned subsidiary of Malton, as well as the operations of the mall. The signing ceremony of the syndicated banking facilities marks a momentous milestone as it underscores the lenders' strong support and confidence in the solid partnerships



Subsequent to year-end, Regal Path became a joint venture company of Malton's wholly-owned subsidiary Khuan Choo Realty Sdn Bhd ('KCR'), Qatar Investment Authority's wholly owned subsidiary Q PBJ Sdn Bhd ('Q PBJ'), and Jelang Tegas Sdn Bhd ("Jelang Tegas") who entered into a Subscription Agreement with Regal Path to participate in the ownership of Pavilion Bukit Jalil mall on 28 May 2019.

Pursuant to the subscription agreement, Q PBJ, KCR and Jelang Tegas shall subscribe to the redeemable preference shares in the proportion of RM406.7 million, RM215.8 million and RM207.5 million respectively.

On 10 October 2019, Regal Path successfully secured RM1.1 billion banking facilities and inked the facilities agreement with four banks, namely CIMB Bank Berhad, Malayan Banking Berhad, OCBC Bank (Malaysia)

and business prospects of the stakeholders involved in the Pavilion Bukit Jalil mall landmark transaction.

QUALITY ASSURANCE

Malton remains focused on its commitment to deliver premier workmanship and quality products to its customers. With its uncompromising and continuous efforts towards enhancing quality standards, Malton has successfully certified its Quality Management System to the latest MS ISO 9001:2015 accreditation by SIRIM, Malaysia since 2017. With this in place, there is greater emphasis on Risk Controls to ensure our deliverables are in line with regulatory quality standards to meet both internal and external customers' requirements and expectations.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

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To ensure strict adherence to quality standards, Malton has set its own benchmark based on QCLASSIC (CIS 7: 2006) assessment system for all its medium to high-end development projects within the Group. Adopted as part of the operating policy since 2017, this benchmark assessment system is a yardstick to measure the quality of our products against workmanship standards and specifications. Through customer satisfaction survey, we are delighted to have achieved close to 90% customers' satisfaction towards our quality products and services during the year under review. This was made possible through the relentless efforts and support by our management team in nurturing the 'Build-in-Quality' culture across the organisation.



Regular training and quality sharing sessions with employees across the organisation to achieve high level of customer satisfaction

In light of the complex and broader business ecosystem, quality management is indispensable and plays a vital role in the Group's growth and performance. As we strive to deliver high value creation product with premier workmanship to customers, Malton will ensure that every department, division and outsourced services pays close attention to continuous improvement, regular discussions, performance evaluation and trainings to ensure end-to-end service excellence.



MS ISO 9001:2015 QMS assessment by SIRIM in 2019

MOVING FORWARD FY2020

Although outlook in second half of 2019 is expected to be cautiously optimistic, Malaysia's real estate segment is projected to moderate in tandem with the prolonged overhang of residential and commercial properties, mainly caused by the mismatch between supply and demand.

Taking cognisance of the subdued property landscape, the Group will continue to adopt a pragmatic approach in our property launches. We will continuously monitor and strategise our launches to best match our products with customers' needs and affordability levels in different locations whilst balancing profit and prudent risk management to create higher value for its stakeholders. In the meantime, we will capitalise on our core strengths in shaping and meeting lifestyle aspirations of every generation with uncompromising commitment to design excellence, build quality and timely delivering underpinned by strategic locations and harmonious living.

We believe the demand for our Group's properties remains strong despite the softening properties market. This is reflected in our flagship Bukit Jalil City, Duta Park Residences and Bukit Rimau Villa 22 which recorded healthy sales. While we continue to focus mainly in the Central Region, we also see great potential in the development of industrial properties in the Southern Region. The Group remains on-track to address real market demand and look forward to roll-out Mutiara Hilltop in Puchong, River Park Bangsar South in Kuala Lumpur and Duta Park Residence (Tower A) in Jalan Kuching comprising mainly high-rise residential developments, along with Rapid City Centre (Phase 3) comprising industrial lots in Sungai Rengit, Johor in FY2020.

Our growth is not just externally driven, but internally supported by a more efficient cost base, strengthened business processes and enhanced corporate governance, the incorporation of digitalisation and innovation to cater to wider customer groups. We will continue to focus on build quality and timely delivery while strengthening marketing initiatives and branding across all platforms.

Beyond property launches, along with sustainability initiatives, the Group will continue to minimise construction time through utilisation of the Industrial Building System, enhance its procurement strategy, implement strategic sourcing and value engineering through improved design and planning. These in turn will help achieve new efficiencies and cost reduction in the long-run. We shall continue to expand our landbanks to ensure the Group maintains sustainable earnings over the next 10 years.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Moving forward, we will be market driven and the healthy unbilled sales of RM1.1 billion from the ongoing property developments and sale of Pavilion Bukit Jalil mall for RM1.48 billion coupled with RM807.8 million of outstanding book order from construction projects are expected to contribute positively to the earnings of the Group for FY2020.

PROPERTY DEVELOPMENT

The Group's vast portfolios include townships, luxury homes, integrated developments, offices and commercial properties mainly across Greater Klang Valley and Johor. We will continue to leverage on our core strengths to deliver high value creation products to our buyers. Ongoing property developments undertaken by the division during the current financial year and upcoming launches are set out below.

BUKIT JALIL CITY

Poised to be an iconic landmark in Malaysia, Bukit Jalil City is set to create a new dimension of an integrated development in the suburb of Kuala Lumpur. Sitting on a 50-acre freehold land in the fast growing township of Bukit Jalil, this flagship development carries a GDV of approximately RM4.0 billion comprising three main phases namely, Pavilion Bukit Jalil mall and Signature Shop Offices (Phase 1), The Park Sky Residence, The

Park Signature Shop Offices and a hotel (Phase 2) and The Park 2 (Phase 3). Apart from offering world-class shopping experience under one roof, the sustainable and well-connected community are assured of a refreshing gateway via special built pedestrian bridges connecting residents to the 80-acre Bukit Jalil public park nearby.

Surrounded by well-planned international standard amenities notably the Bukit Jalil National Sports Complex, the vast highway network and Light Rail Transit connectivity in Bukit Jalil will further drive its future growth. The Group will be constructing a new flyover to Puchong and new roads leading directly to Bukit Jalil City including an underpass access to the development besides four pedestrian bridges to enhance accessibility and livability of this growing township.

The 112 units of Signature Shop Offices and 44 units of The Park Signature Shop Offices were successfully completed and handed over to shop owners in 2017 and 2018 respectively. Meanwhile, the four-tower blocks of The Park Sky Residence will be completed and delivered to purchasers by end of this year. Upon the final completion of Pavilion Bukit Jalil mall and The Park 2 in 2021, the six new sleek residential towers accompanied by the vibrant regional mall will redefine the entire Bukit Jalil's skyline.



MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

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PROPERTY DEVELOPMENT (cont'd)

PAVILION BUKIT JALIL MALL



The crown jewel of this development is the Pavilion Bukit Jalil mall, a regional mall with a net lettable area of approximately 1.8 million sq ft slated for completion by March 2021. Designed by KL Pavilion Design Studio, the Pavilion Bukit Jalil mall sits on a 28-acre freehold land and stretches up to 560 metres along the road thus giving maximum visibility to retailers' brands. The regional mall, being one of the country's largest shopping hubs, will house five levels of retail spaces and two levels of basement parking. The Pavilion Bukit Jalil mall is poised to be an entertainment and retail hub in the southern corridor of Klang Valley offering a holistic experience for business, best-in-class shopping, dining, leisure and entertainment to locals and tourists alike.

THE PARK SKY RESIDENCE



Launched in 2015, The Park Sky Residence comprises 1,098 units of luxury serviced apartments and 44 units of The Park Signature Shop Offices with a combined GDV of approximately RM1.2 billion. The Park Sky Residence offers a wide selection of layouts with built-ups ranging from 868 sq ft to 1,565 sq ft which set a new pricing benchmark in Bukit Jalil area. Fronting the 100 ft dual carriage road leading in and out of Bukit

Jalil City, The Park Signature Shop Offices beneath the serviced apartments will enjoy high visibility with busy traffic from Kesas highway and Old Klang road. Since its launch in 2015, The Park Sky Residence and Park Signature Shop Offices achieved healthy take up rate of 80% and 96% respectively.

The Park Signature Shop Offices were handed over to purchasers in August 2018, while The Park Sky Residence will soon be completed for delivery to customers by end of this year.

THE PARK 2



The Park 2 is the final residential development in Bukit Jalil City which carries an estimated GDV of RM720.6 million. Strategically located between the Pavilion Bukit Jalil mall and 80-acre Bukit Jalil park, it comprises 709 units of serviced apartments with 385 and 324 units in Tower 1 and Tower 2 respectively. The Park 2 offers a distinct prestigious touch as residents will be able to enjoy a seamless experience with exclusive access to the Pavilion Bukit Jalil Mall via a dedicated and covered link bridge besides a pedestrian bridge connecting them to the adjacent lush public park. Other exclusive amenities offered include two separate lobbies in each tower with 9 and 7 lifts serving 10 and 8 units per floor respectively.

A successful sell out of the Tower 1 had prompted the Group to fast-track the early release of Tower 2 in 2017. Both towers saw an overall healthy take up rate of over 95%.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

PROPERTY DEVELOPMENT (cont'd)

DUTA PARK RESIDENCES



Sitting on 4.9-acre land along Jalan Kuching Kuala Lumpur, Duta Park Residences is a high-rise residential development comprising 1,376 units of serviced apartments with an estimated GDV of RM1.0 billion. Strategically located close to Kuala Lumpur City Centre, Duta Park Residences is easily accessible via Jalan Kuching highway with a secondary access through Jalan Ipoh. Standing tall in the centre of connectivity, convenience and city attractions, this iconic city skyline overlooks the beautiful lush greens of Bukit Tunku, Kuala Lumpur.

Duta Park Residences consists of 3 tower blocks; Tower A, B and C encompassing 536, 572 and 268 units respectively. Every unit is thoughtfully planned with built-ups ranging from 858 sq ft to 1,538 sq ft, featuring 4 flexible layouts from 2+1 bedrooms to dual key units with 3-tier security for residents' peace of mind.

The two-block towers B and C were launched in March 2018. In conjunction with the Chinese New Year, there was a line-up of exciting activities for the public including World Champion Lion Dance, Prosperity Lou Sang and the Feng Shui & Investment Outlook 2019 by Dato' Joey Yap at the Duta Park sales gallery. The launch event ended with an encouraging take-up rate of about 54% with total sales value of RM326.1 million in FY2019.



Crowd enjoying the lion dance by World champion troupe



Feng Shui tips & Investment Outlook 2019 attracting large crowd

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

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PROPERTY DEVELOPMENT (cont'd)

RAPID CITY CENTRE (PHASE 2)



Rapid City Centre is a 196-acre township development in Sungai Rengit, Pengerang Johor, located close to Petronas' Refinery and Petrochemical Integrated Development project and the Pengerang Independent Deepwater Petroleum Terminal. This mixed-use development is poised to redefine and rejuvenate the entire township into a vibrant commercial hub.

After the successful completion and handover of 60 units of 2-storey shop offices under Phase 1 in March 2018, the Group launched Phase 2 comprising 68 units of 2-storey shop offices with an estimated GDV of RM89.4 million in August 2018. While Phase 2 achieved a take up rate of 12% with total sales value of RM16.0 million only in FY2019, it is anticipated to improve as construction progresses.

VILLA 22



Located in Bukit Rimau, one of Malton's pioneer township development on 358 acres in Shah Alam, Villa 22 is the last piece of residential development on a 3.2-acre freehold land. The development consists of 22 units of luxury semi-dees and bungalows which carries an estimated GDV of RM41.5 million.

Being the final development in the well-established and connected township of Bukit Rimau, Villa 22 purchasers will enjoy an abundance of leisure, recreational and educational facilities within the township. Launched in October 2018, Villa 22 achieved a healthy take up rate of 73% with total sales value of RM29.3 million in FY2019.

MUTIARA SQUARE PUCHONG



Being part of the 82.5-acre development in Mutiara Indah, Mutiara Square is the final commercial phase featuring 20 limited units of 2-storey shop offices with an estimated GDV of RM21.5 million. Situated just next to the vibrant township of Bandar Puteri Puchong, Mutiara Square boutique shop offices are strategically located with easy access to Bukit Jalil Highway, Lebuhraya Damansara – Puchong and Maju Expressway.

The built-up size averaging 3,262 sq ft with wide frontage, double-leaf main glass door and ample car park, positions Mutiara Square boutique shop offices ideal for retail, food & beverages and other services. Launched in July 2017, the commercial shop offices achieved a take up rate of 45% with total sales value of RM12.3 million in FY2019 while the remaining 55% are mainly unsold bumiputra quota units. Slated for completion in 2020, shop owners can tap into a ready catchment of 30,000 residents within the immediate neighbourhood.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

PROPERTY DEVELOPMENT (cont'd)

BAC TOWER



BAC Tower is a 19-storey private hostel cum lecture facilities located in Petaling Jaya, designed and sold en-bloc to Brickfields Asia College. The tower sits on 0.67-acre land and carries a GDV of RM115.0 million. Works commenced in March 2018 and is expected to be completed by late 2021.

PANGSAPURI KENANGAN, BUKIT RIMAU



Pangsapuri Kenangan, an affordable housing project which sits on a 2.1-acre freehold land in Bukit Rimau is part of the Rumah Selangorku initiative. Located in a matured township with ready infrastructure and host of amenities, the 7-storey apartments comprise 86 units with an estimated GDV of RM15.6 million.

Since its launch in June 2017, Pangsapuri Kenangan achieved a healthy take up rate of 88% with total sales of RM13.6 million in FY2019.

UPCOMING PROJECTS

DUTA PARK RESIDENCES (TOWER A)



Located amidst a highly accessible within the area, Tower A of Duta Park residences comprises 536 units which carries a GDV of RM485.3 million and slated for launch by May 2020. The city landscape places homebuyer in the centre of connectivity, convenience and city attraction with graceful green views.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

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UPCOMING PROJECTS (cont'd)

MUTIARA HILLTOP



Exclusively limited to 496 units, Mutiara Hilltop is the ideal condominiums designed to create harmonious living for residents within the vibrant township of Mutiara Indah, Puchong. Soak in a serene environment, the abundant lush greenery surrounding the development provides families with plenty of space and freedom to relax and explore. The 8.3-acre Mutiara Hilltop enclaves carries an estimated GDV of RM337.3 million which is slated for launch by March 2020.

RAPID CITY CENTRE (PHASE 3)



Located in Sungai Rengit, Pengerang Johor, Phase 3 of Rapid City Centre is a well-planned Light Industrial Park to support the growth of Pengerang Integrated Petroleum Complex (PIPC) / RAPID project. Phase 3 comprises 76 units of industrial lots ranging from Cluster, Semi-D and Detached type with an estimated GDV of RM158.4 million. The industrial lot is part of our diversified product mix offer to the market and is slated for launch by February 2020.

RIVER PARK BANGSAR SOUTH



River Park Bangsar South comprising 1,332 units of condominium is ideally located within the new township of Bangsar South. The three towers' close proximity to Mid Valley City and desirable residential address represents a great option for young executives and families in search of modern conveniences with great accessibility that is affordable, without compromising on lifestyle.

Standing magnificently against the astounding Kuala Lumpur skyline, the 5.1-acre enclave carries an estimated GDV of RM783.8 million and is slated for launch by June 2020.

RIO BANGSAR SOUTH



RIO Bangsar South, an affordable housing development (RUMAWIP) is the perfect starter home for the young executives. Located minutes away from Mid Valley City, RIO Bangsar South is an enviable residential address which is connected to major landmarks and shopping destinations. Sitting on 1.6-acre land, the 334 apartment units carry an estimated GDV of RM100.0 million and is slated for launch by January 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

CONSTRUCTION AND PROJECT MANAGEMENT DIVISION

Through its construction arm and wholly owned subsidiary Domain, the Group will provide the necessary building expertise and capabilities to ensure timely completion of projects with greater cost efficiency and quality.

Ongoing construction projects undertaken by the division during the financial year under review are set out below.

PAVILION DAMANSARA HEIGHTS (Total Contract Value: RM874 million)



This prestigious integrated project comprises the re-development of the existing site into nine new corporate towers, five blocks of luxury serviced residences and a hotel on top of a five-level retail space on the existing Damansara Town Centre site in Damansara Heights, Kuala Lumpur. The development includes eight levels of basement car park.

Domain has been appointed as the Management Contractor for the sub-structure works worth RM627.0 million for Phase 1. The site clearing and demolition works of the existing buildings have been completed. The overall sub-structure works for Phase 1 is slated for completion by early 2020.

Domain has also been appointed as the Management Contractor for the sub-structure works worth RM253.0 million for Phase 2. The works for Phase 2 is slated for completion end 2020.

PAVILION EMBASSY (Total Contract Value: RM83 million)



The Pavilion Embassy in Kuala Lumpur is a commercial development comprising two blocks of 24-storey office towers and a 32-storey tower of serviced apartments on top of a podium featuring 2 levels of commercial and retail units.

The substructure works commenced in Aug 2017 and was completed in early 2019.

PAVILION CEYLON HILL (Total Contract Value: RM347 million)



The Pavilion Ceylon Hill, Kuala Lumpur comprises 629 units of serviced apartments including a strata bungalow and retail shops.

Domain has been appointed as the contractor for the main building works. Works commenced in September 2018 and is slated for completion by middle of 2021.

SUSTAINABILITY STATEMENT

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INTRODUCTION

In recent years, corporations have become more aware of their responsibilities towards business sustainability and have put greater emphasis in balancing economic viability with preservation of the environment and social responsibilities.

We, at Malton Berhad ("Malton") and its subsidiaries ("the Group"), recognise the impact of the processes of our business activities and the importance of achieving a practical balance of optimal financial performance and our responsibilities towards the environment and community.

Our principles on sustainable development are ingrained in the policies and procedures of the various business divisions within the Group, namely Property Development, Property Investment, Construction and Project Management. We actively and continuously review and improve our policies and procedures integrating our principles in all of our operations. In gearing up towards a stronger and more comprehensive sustainability approach, we have developed an overarching sustainability commitment.

Sustainable development recognises that the three critical pillars mainly economy, environment and society are interconnected. Our basic principles of sustainability focus on the followings:

- Achieving a strong, stable and sustainable business
- Respecting the environment and resources
- Responsive employee retention, plus engagement strategies and community engagement

ECONOMY PILLAR

We believe that sustainability is essential to long term value creation for our stakeholders. The main pillar of our sustainability principles is our customers. Before the Group embarks on a new development venture, we carry out market feasibility study to ascertain opportunities and risks of the proposal to determine the viability of the location, product type, pricing and demand. Further on, we strive to provide innovative design, good quality products and services for all of our projects. From conceptualisation of products to development and construction planning, we ensure that our products have viable and sustainable features taking into consideration the market demand and regulatory requirements.

We are focused on our commitment to deliver premier workmanship and high quality products to our customers. Our Quality Assurance team has developed a comprehensive and systematic quality

framework which is implemented to ensure that all quality requirements for our products and service will be fulfilled. In our continuous efforts towards enhancing quality standards, Malton has successfully certified its Quality Management System to the latest MS ISO 9001:2015 accreditation by SIRIM, Malaysia since 2017. We have adopted our own benchmark for strict adherence to quality standards based on QCLASSIC (CIS 7:2006) assessment system for all of our medium to high-end development projects. Since 2017, this benchmark assessment system has been the yardstick to measure the quality of our products against workmanship standards and specifications. Through customer satisfaction survey, we are delighted to have achieved close to 90% customers' satisfaction towards our quality products and services during the year under review. This was made possible through the relentless efforts and support by our management team in nurturing the 'Build-in-Quality' culture across the Group.

From conceptualisation of design to the delivery of high quality products, we aim to create enduring value to our customers.

We appreciate that in procurement of construction materials and services, quality and competitiveness are paramount. To ensure delivery of high quality products, we have established a stringent tender procedure in the selection of suppliers and contractors. We work with our suppliers and contractors to support our sustainability efforts. We have an option to terminate or suspend and blacklist the suppliers and contractors for breach of agreements. We have good rapport and understanding with our suppliers and continue to nurture a green and competitive supply chain that is mutually beneficial for all parties.

Malton also strives to create long-term value for shareholders. The Group endeavours to maintain consistent and sustainable dividends to its shareholders. Amidst challenging business environment in the recent years, Malton has continuously declared and paid dividends to its shareholders. For the financial year ended 30 June 2019, the Board of Directors of Malton has proposed a first and final single-tier dividend of 1.5 sen per ordinary share.

ENVIRONMENT PILLAR

With the growing awareness on environmental impacts of depletion of non-renewable resources and global warming, we take heed of the processes and impacts of our construction activities. We continuously review and improve our efforts to advocate for a cleaner and healthier environment and maintain compliance with all the environmental laws and regulations.

SUSTAINABILITY STATEMENT (cont'd)

Efficiency is at the core of our business. Focusing on costs minimisation and competent deployment of capital allows us to reduce operating and capital expenses for greater efficiency with minimum impact on the environment. We constantly seek to reduce energy and water consumption and decrease waste production through staff training, better design, new technology and best practices in the local industry operating procedures.

As a developer, the Group strives to design its products by integrating green features and innovation. All employees are instilled with the mind-set to conserve energy as much as they can.

SOCIAL PILLAR

Talent Development

The Group emphasises on talent development and continuously provides opportunities to the employees to build their capabilities and improve competency. Employees with the necessary skills and knowledge are imperative to ensure the continuous growth and success of the Group.

In our pursuit to deliver premier workmanship and high quality products to our customers, we provide employees with regular trainings and quality sharing sessions across the Group to inculcate quality mindset to achieve high level of customer satisfaction.

Employee's Occupational Health & Safety

The Group places considerable emphasis in ensuring the highest standards of governance, ethical business conduct and values are practised within its organisation. Occupational health and safety is our top priority. We constantly engage with employees and contractors to increase safety awareness and make continuous enhancements to our health and safety approach. A well-developed occupational health and safety management system is also in place to ensure all activities are conducted in an ethical and environmentally responsible manner.

We are committed to promoting environmentally-conscious practices at work to reduce the environmental impact of waste management, enhance energy efficiency and promote recycling whenever and wherever possible.

Community Engagement

Malton continues to engage with surrounding communities and underprivileged society in areas of education, health and well-being through charitable donations and employees' participation. During the year, we have reached out and donated to dialysis

centres and schools while supporting the less fortunate members across all segments, age groups and races. Malaysia AIDS Foundation, IJN Foundation, My Voice My Nation Malaysia, Montfort Fundraising Charity Dinner, A Piece of Hope Charity Fun Adventure Hunt, and The Bursa Bull Charge 2019 were among the corporate social responsibility programmes we supported over the year.

Cross-generational knowledge sharing is essential to produce quality and innovative young talents who are the future of our nation. In this regard, Malton offers internship programmes to students from higher learning institutions for 3 to 6 months to prepare them to adjust to the realities of the work life, thereby increasing the students' employability prospects. Apart from this, employees from the Property Development division volunteered their time to share industry-knowledge and expertise with Civil Engineering students from various universities including Universiti Tunku Abdul Rahman ('UTAR') and Trisakti University Jakarta. Through the study tours, students would get to see and get a first-hand feel for what it's like to work at the actual construction site.



Outing with children from Malaysia Lotus Care Centre Association and Rumah Chrestus homes in conjunction with 'Disney Celebrate The Magic Dream Christmas' at Pavilion KL shopping mall. Distributing school items, blankets and towels to children at Rumah Chrestus homes

SUSTAINABILITY STATEMENT (cont'd)

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Visiting and donating new mattresses, towels and blankets to elderly folks at Lotus Care Centre Association, Semenyih



A Piece of Hope Charity Fun Adventure Hunt 2018 - Employees participating in the fun-filled treasure hunt at Da Men mall in Subang to raise fund for orphanage homes



Harapan Run by IJN Foundation - Employees running in the rain to raise fund for heart disease patients



Hosting study tours for Civil Engineering students from UTAR at Bukit Jalil City project site

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Malton Berhad ("the Board") recognises that good corporate governance and ethical practices in its business conducts is essential and necessary for business growth and enhancement of shareholders' value. On this premise, the Board is committed to ensuring that high standards of corporate governance and ethics are implemented and practiced throughout Malton Berhad ("Malton" or "the Company") and its subsidiaries ("the Group"). The Board supports the principles expounded in the Malaysian Code on Corporate Governance 2017 ("MCCG").

This statement which provides an overview of the corporate governance practices of the Group pursuant to the principles set out in the MCCG for the financial year ended 30 June 2019, shall be read in conjunction with the Corporate Governance Report of Malton Berhad ("CG Report") which is available on Malton's website at www.malton.com.my

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board responsibilities

The Board is primarily responsible for setting the goals and objectives for the Group. The Board is collectively responsible in ensuring that the management of the business of the Group is carried out in accordance to its directions to achieve sustainable results and long term success to its shareholders and other stakeholders. The Board has also established the standard for ethical conduct for the Group to achieve the goals and directions. The implementation of the business plans and strategies to achieve the goals are delegated to the executive members of the Board and Management.

The Board, in discharging its duties, has adopted the following strategies:-

- The Board is responsible for setting the goals and directions for the Group.
- Set the standard of good governance and ethical practices through Code of Conduct for implementation by Management throughout the Group.
- Develop, implement and oversee the conduct of business operations together with Management.
- Based on the Code of Conduct established for the Group, the Board together with Management developed control framework through Discretionary Authority Limits and Standard Operating Procedures for the Group to ensure internal controls are in place.
- Identify principal risks which could affect the Group and develop the necessary mitigation measures to alleviate, lessen or resolve the effect of the risks.
- Succession planning for continuous growth and smooth operation of the Group's business which include mentorship and development of employees' skills and competencies.
- Develop and implement communication policy for the Group for effective communication with shareholders and other stakeholders.

In addition to delegating certain operational authorities to Management, the Board has also established the following Board Committees to assist the Board in discharging various areas of its duties.

- Audit Committee
- Nominating Committee
- Remuneration Committee
- ESOS Committee

Each committee has its own terms of reference, which sets out the functions, responsibilities and authorities of the committee.

Chairman

The Non-Independent Non-Executive Chairman together with the Deputy Chairman, an independent non-executive director, ensure that the Board practices good governance in discharging its duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Chairman (cont'd)

The primary role of the Non-Independent Non-Executive Chairman is to guide the Board in setting the vision and strategic direction of the Group. The Chairman also provides leadership and advice to the Board members in carrying out their duties and responsibilities. The Chairman sets the tone on good corporate governance and ethical practices that are implemented throughout the Group. The Chairman together with the Deputy Chairman, manage the duties of the Board as a whole and set the agenda and matters for discussion by the Board members.

The position of the Chairman is held by Tan Sri Lim Siew Choon. The late Mr Lim Siew Fai was Managing Director of Malton until his demise on 21 May 2019. The division of the roles and responsibilities of the Non-Independent Non-Executive Chairman and Managing Director was clear. The Managing Director, who led the team of Executive Directors and Management, was responsible for overseeing the implementation of business plans of the Group drawn up by the Board to achieve the vision and strategic direction for the Group keeping in line with the good governance and ethical practices approved by the Board. The Executive Directors and Management are primarily responsible for the day-to-day operational matters of the Group.

Company Secretary

The Board recognizes the importance of the role of the Company Secretary in advising the Board on its roles and responsibilities pursuant to governance and regulatory requirements which includes corporate governance policies, corporate disclosures, compliance with company and securities laws and regulations and listing requirements. The Company Secretary also advises the Board on board policies and procedures and manages the agenda, facilities and communication for meetings of the Board and shareholders. To carry out these duties, the Company Secretary must have the necessary qualification recognized by the relevant regulatory authorities and experience in carrying out the role and responsibilities of this role.

Presently, the Company Secretary of Malton is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators. The Board has unrestricted access to the advice of the Company Secretary on all matters concerning governance and regulatory requirements.

Meetings

Board meetings are structured with pre-determined agendas. Notification on Board meetings is sufficiently given to enable full attendance at the Board meetings. Appropriate and comprehensive information and complete Board papers are prepared and circulated prior to each Board meeting. The Board papers are distributed to the Directors within 5 business days from date of meeting for their review and request further information and explanation, if necessary. The Directors also have unfettered access to all information within the Group in furtherance of their duties. Minutes which record the deliberations and decisions of the meetings are circulated for review by the Board members on accuracy and completeness.

The Board is scheduled to meet at least five (5) times a year, with additional matters addressed by way of circular resolutions and additional meetings convened as and when necessary. The Board met six (6) times during the financial year ended 30 June 2019. The attendance of the Directors and Board meetings held during the said financial year is set out below.

Name	Total Meetings Attended
Tan Sri Lim Siew Choon	5 of 6
Guido Paul Philip Joseph Ravelli	6 of 6
The late Lim Siew Fai	4 of 4
Puan Sri Tan Kewi Yong	5 of 6
Chua Thian Teck	6 of 6
Hong Lay Chuan	6 of 6
Hj Ahmad bin Hj Ismail, PJK	6 of 6
Dato' Siew Mun Wai	6 of 6

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Meetings (cont'd)

Note

Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong had abstained from attending one (1) of the Board meetings held during the financial year because both of them were interested directors in the related party proposals deliberated at the board meeting. The late Mr Lim Siew Fai attended all four (4) board meetings held during his tenure as Managing Director during the financial year.

Board Charter and Code of Conduct

The Board Charter sets out the roles and responsibilities of the Board and serves as a reference to the Board on the matters for the Board deliberation and the roles and responsibilities delegated to Management and Board Committees.

The Board Charter is reviewed periodically to ensure that it remains consistent with the vision and mission and also strategic direction of the Group, in compliance with governance and regulatory changes.

The Board Charter is available on Malton's website at www.malton.com.my

The Board has established a Code of Conduct for the Group which sets out the standard professional and personal behaviour for all employees at the work place. The Code of Conduct serves as a guide on matters concerning conflicts of interest, confidentiality, fraud, staff relations, safeguard of properties, compliance with laws and regulations amongst others.

The Code of Conduct is available on Malton's website at www.malton.com.my

The Board has also established a Whistleblowing Policy for the Group to enable concerns of possible improprieties and malpractices in the Group to be brought to the attention of the Board and Management in an appropriate manner. The reporting procedure and process are set out in the policy.

Board Composition and Independent Directors

The ratio of independent directors on Board of Malton fulfils the requirements of Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main Market Listing Requirements") which sets out that at least two (2) directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors. In the event of any vacancy in the board of directors which results in non-compliance in the composition of the Board, the Board must fill the vacancy within three (3) months.

The Board has established an evaluation procedure which is carried out, on an annual basis, to ensure that independent directors meet the criteria of independent directors set out in the Main Market Listing Requirements and the effectiveness and contribution of each independent director. The evaluation is reported to the Board for its assessment. In the opinion of the Board as a whole, the independent directors have met the criteria set out in the Main Market Listing Requirements. Each independent director has affirmed his independency and brings invaluable judgement to bear on issues of strategy, performance, allocation of resources, risk management, internal controls and standards of conduct for the Group. The minority shareholders are well represented by the presence of the existing independent non-executive directors in the Board who have shown that they are individuals with integrity and highly capable and competent to carry out their duties and responsibilities.

The Board takes cognizance that the MCCG recommends that the tenure of an independent director should not exceed a cumulative term of 9 years. As set out above, the Group has established annual evaluation to determine and ensure the independency of each independent director and if each of them has contributed positively and effectively as an independent director. In this connection, the Company presently does not limit the terms of an independent director as recommended in the MCCG. The evaluation process will determine if an independent director will remain objective and continue to be fair and impartial in all Board deliberations and decision making. The continued tenure of independent directors also brings stability to the Board and the Group benefits from the directors who have, over time, gained valuable insight into the Group, its market and industry. Furthermore, all directors are required to submit themselves for re-election at annual general meeting once every three (3) years under the Main Market Listing Requirements and Constitution of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Nominating Committee

The Board established the Nominating Committee on 24 October 2002. During the financial year ended 30 June 2019, the Nominating Committee comprised the following independent non-executive directors:-

- Guido Paul Philip Joseph Ravelli (Chairman)
- Hj Ahmad bin Hj Ismail, PJK (Member)

The functions, responsibilities and authority of the Nominating Committee are set out in its terms of reference. The main objectives of the Nominating Committee are to review, recommend and consider candidates for appointment to the Board based on skills and experience and assess the effectiveness of the Board as a whole and also Board Committees based on mix of expertise and experience. Its other main role is assess the performance of the Board as a whole and the Directors individually.

In the evaluation of candidates for new appointment, the Nominating Committee will consider the following criteria:-

- mix of skills, experience and diversity
- character, integrity, knowledge and expertise
- in the case of independent directors, the independence and abilities to discharge their responsibilities and functions

The Nominating Committee may also seek the assistance of professional recruitment specialist and professional bodies.

During the financial year ended 30 June 2019, the Nominating Committee met to review the performance of the Board members, individually and collectively as a Board and also the Board Committees based on the following key aspects:-

- size, composition, independence, mix of skills and experience within the Board and Board Committees
- functions of the Board and Board Committees
- discharge of duties and responsibilities of the Board and Board Committees
- effectiveness of Board as a whole and the Board members individually and Board Committees

The Nominating Committee is satisfied that the Board as a whole and the Board members individually have fulfilled their duties and responsibilities effectively and are suitably qualified in their respective positions. On the review of the Remuneration Committee, ESOS Committee and Audit Committee, the Nominating Committee concluded that each Board Committee carried out its functions and responsibilities effectively in accordance with its terms of reference, which is available on Malton's website www.malton.com.my

An evaluation of the Independent Directors were also carried out to assess their independency and competency to continue in office as independent directors of Malton on self-assessment basis and by the other members of the Board. It was concluded that each independent director has continuously maintained his independency and is competent to continue serving as an independent director of the Company.

Board Diversity

The Board presently does not have any gender policies in its evaluation of candidacy and assessment of the performance of the Board as a whole or the Directors individually as the main focus for a Board appointment and performance as a Director is on integrity, skills and experience.

The Board is aware of the recommendations set out in the MCCG and will evaluate the policies from time to time and if found suitable and necessary, revise the policies to meet the requirements of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Remuneration Committee

The function for assessment of the remuneration of directors and senior management is charged to the Remuneration Committee. The responsibilities and authority of the Remuneration Committee are set out in its terms of reference. The Committee will review the remuneration package of each Executive Director from time to time to assess and make appropriate recommendation if necessary to ensure that remuneration packages are competitive to attract and retain capable executives who can manage the Group successfully. Executive Directors have no part in the decision making process of their own remuneration.

The determination of remuneration packages of independent non-executive directors is a matter of the Board as a whole. The independent non-executive directors do not partake in decisions affecting their remuneration.

The terms of reference of the Remuneration Committee is available on Malton's website www.malton.com.my

To assist the Board in the discharge of its responsibilities in this matter, the Board endorsed the formation of the Remuneration Committee on 24 October 2002. The Remuneration Committee comprises:-

- Guido Paul Philip Joseph Ravelli (Chairman)
- Hj Ahmad bin Hj Ismail, PJK (Member)
- Chua Tian Teck (Member)

During the financial year ended 30 June 2019, the Remuneration Committee met and reviewed the remuneration policies, structure and packages of each director and reported to the Board of Directors.

The aggregate remuneration of the Directors for the financial year ended 30 June 2019 is set out below.

	Salaries	EPF	Fees	Meeting Allowance	Bonus	Benefit-In-Kind	Total
Tan Sri Lim Siew Choon	-	-	240,000	-	-	40,857	280,857
Guido Paul Philip Joseph Ravelli	-	-	48,000	16,000	-	7,200	71,200
The late Lim Siew Fai	1,100,000	162,000	-	-	250,000	32,267	1,544,267
Puan Sri Tan Kewi Yong	720,000	104,400	-	-	150,000	35,200	1,009,600
Chua Tian Teck	1,121,717	147,415	-	-	200,000	37,956	1,507,088
Hong Lay Chuan	780,000	113,100	-	-	162,500	37,144	1,092,744
Hj Ahmad bin Hj Ismail	-	-	48,000	16,000	-	4,500	68,500
Dato' Siew Mun Wai	-	-	44,000	12,000	-	-	56,000
Total	3,721,717	526,915	380,000	44,000	762,500	195,124	5,630,256

Personal Development

The Board believes that continuous pursuit of information and learning and the development of new skills is essential to the Directors for them to carry out and fulfil their duties and responsibilities. The Directors continuously review programmes, conferences, seminars and forums based on the suitability of the subject matter. In addition to attending conferences, seminars and training programmes, the Directors regularly keep up to date on matters relating to economy, business, property and construction industries, finance, legal and regulatory updates and other related issues. All of the Directors have attended the Directors' Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. During the financial year ended 30 June 2019, Directors attended various conferences, seminars and forum including Deloitte Southeast Asia CFO Vision, Asia Pacific Real Estate Market Outlook 2019, Tax, Sales and Services Tax and Customs Seminar organised by Lee Hishamuddin, Allen & Gledhill, How Blockchain is Transforming the Real Estate Industry, Smart and Sustainable Township, World of Facades, MM2H Latest Updates and Japanese Investment Trend, Real Estate Digital Marketing, The Impact of Budget 2019 in Real Estate Industry, 2019 Good Feng Shui Integration - New Outlook and Opportunities, Homeownership Campaign 2019 and Transformation of Greater Kuala Lumpur and Sustainability Awareness Briefing for Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

MCCG PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee was established on 8 March 2002. The Audit Committee comprises three (3) independent non-executive directors.

The Audit Committee primarily assists the Board in the review of financial reporting, internal control framework, risk management assessment and mitigation and evaluation of the performance and audit independence of the external auditors.

The Audit Committee comprises members from a wide range and diverse background in qualification, skills and experience necessary to discharge their duties. All of the members are financial literate and familiar with matters concerning property development and construction. In addition to the requirement that the Audit Committee must comprise only non-executive directors, the Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of a least two (2) years before being appointed as a member of the Audit Committee. None of the current members of the Audit Committee is a former key audit partner of the auditors of the Group.

Information on the Audit Committee is set out in the Audit Committee Report in this Annual Report.

Risk Management and Internal Control

The Board together with Management have established a risk management and internal control framework which is essentially designed to identify the risks that could hinder the performance of the Group with mitigation measures that will enable the Board to plan and mitigate effects of the risks.

Information on the risk management and internal control framework is set out in the Statement on Risk Management and Internal Control in this Annual Report.

Internal Audit Function

The Group has established an internal audit department which reports directly to the Audit Committee.

The internal audit team carries out its audit duties based on its established internal audit framework that covers business audit, system audit, operational and financial audits and reports its findings and recommendations to the Audit Committee. The internal audit team will also, on directives from the Audit Committee, issue notices and memorandum on audit findings and recommendations for improvement to the relevant heads of departments. The internal auditors also review the quarterly results together with the Audit Committee prior to recommendation to the Board for approval and release.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board subscribes to the corporate disclosure framework under the Main Market Listing Requirements. The Group has established its website www.malton.com.my which provides the shareholders and public access to information in relation to property launches, corporate matters, announcements and financial reports released to Bursa Malaysia Securities Berhad, analysts' reports and other investors' relations matters. The Board values and encourages communications with the shareholders and other stakeholders for them to establish better understanding of the Group's objectives and performance. Annual General Meetings are appropriate forums for shareholders to participate in questions and answer sessions with Directors and Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

OTHER CORPORATE DISCLOSURES

1. Material contracts

There were no material contracts involving the interests of the Directors and/or major shareholders of the Company other than those disclosed in the Recurrent Related Party Transactions set out below and Related Party Transactions and Balances presented in the Financial Statements of this Annual Report.

2. Audit and non-audit fees paid to external auditors

During the financial year ended 30 June 2019, the Group paid a total of RM1,278,500 to Deloitte PLT and affiliates for audit and non-audit services. The details of the payments are set out below.

	Company RM	Group RM
Audit fees	99,000	474,000
Non-audit fees		
- MFRS 15 review	75,000	75,000
- Special Audit	580,000	580,000
- Reporting Accountant's fee	80,000	80,000
- Review of Statement on Risk Management and Internal Control	5,000	5,000
- Tax Compliance	11,000	48,500
- Housing Development Accounts	-	16,000
Total	850,000	1,278,500

3. Recurrent related party transactions

The Group was granted shareholders' mandate to enter into Recurrent Related Party Transactions for the sale of trading stock properties with related parties and construction and project management services contracts with related parties of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong at the 23rd Annual General Meeting of Malton held on 23 November 2018.

The recurrent related party transactions for the sale of trading stock properties with related parties conducted during the financial year ended 30 June 2019 pursuant to the above-mentioned mandate is set out below.

Related Parties	Relationship with Malton Group	RM
SECG Bina Sdn Bhd	A company in which one of the directors/shareholders is related to Tan Sri Lim Siew Choon	4,511,740
Lim Choon Huat	Brother of Tan Sri Lim Siew Choon	1,365,302
Total		5,877,042

The value of contract awarded to a related party by the Group pursuant to the mandate granted for recurrent related party transactions for construction related services and project management services with companies related to Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong during the financial year ended 30 June 2019 is set out below.

Related Parties	Relationship with Malton Group	RM
SECG Bina Sdn Bhd	A company in which one of the directors/shareholders is related to Tan Sri Lim Siew Choon	3,802,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

OTHER CORPORATE DISCLOSURES (cont'd)

3. Recurrent related party transactions (cont'd)

The value of contract awarded by a related party to the Group pursuant to the mandate granted for recurrent related party transactions for construction related services and project management services with companies related to Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong during the financial year ended 30 June 2019 is set out below.

Related Parties	Relationship with Malton Group	RM
Jendela Mayang Sdn Bhd	A company in which Tan Sri Lim Siew Choon is a director and shareholder	253,000,000

4. Malton Employees' Share Option Scheme

The Malton Employees' Share Option Scheme ("Malton ESOS"), established on 20 April 2016 and will expire on 19 April 2021, is currently the only existing employees' share option scheme under the Company.

Some of the details of the Malton ESOS are set out below.

Date of grant of options	Exercise price per option RM	Number of options		Balance as of 30 June 2019
		Granted	Balance as of 1 July 2018	
23 February 2017	0.80	16,115,000	4,881,300	-

Malton ESOS options granted to the directors are set out below.

	Number of options		Balance as of 30 June 2019
	Granted	Balance as of 30 June 2018	
Tan Sri Lim Siew Choon	300,000	300,000	-
Guido Paul Philip Joseph Ravelli	150,000	150,000	-
Puan Sri Tan Kewi Yong	450,000	450,000	-
Chua Thian Teck	450,000	450,000	-
Hong Lay Chuan	450,000	450,000	-
Hj. Ahmad Bin Hj. Ismail	150,000	150,000	-
Total	1,950,000	1,950,000	-

The total maximum allocation applicable to the directors and senior management is approximately 17.7% of the total maximum allocation available to all of the eligible employees under the Malton ESOS. The actual percentage granted to the directors and senior management amounted to 17.7% of the total options granted to the eligible employees.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the results and the cash flow of the Group for the financial year.

The Directors are satisfied that, in preparing the financial statements of the Group for the financial year ended 30 June 2019, the Group has adopted approved applicable accounting standards in Malaysia and complied with the provisions of the Companies Act, 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Malton Berhad ("Board") is mindful of the various risks which affect the business operations and the significance of risk management.

The Board together with Management, have established a risk management framework which essentially is designed to identify the risks that could hinder the performance of Malton Berhad ("Malton") and its subsidiaries ("Group") and mitigation measures which will enable the efforts of the Board and Management to plan and mitigate the effects of the risks.

The significant risks identified are categorized as follows:-

- Economic risks are macroeconomic circumstances which include exchange rates, government regulations and political stability that could affect interest rates, wages, market trends and prices, taxes and cost of materials among others things and may adversely affect profits.
- Financial risks include management of cash flow, debts and financial leverage.
- Environmental risks include actual or potential threats of adverse effects on the community and environment by effluents, emissions, wastes, resource depletions arising out of business activities.
- Operational risks include inadequate or failed procedures, system or policies, system failure, employee errors, breach of internal controls and fraud.

The Board and Management review the risks and mitigation measures from time to time for assessment of the consequences of the risks and the effectiveness of the mitigation measures. The mitigation measures also include tasking the Internal Audit Department to carry out audit on the operations of the Group and report its findings directly to the Audit Committee.

1. Review of Business Opportunities

The Board and Management have established a process for the review of business opportunities which include carrying out detailed feasibility study, market research, formulation of potential development plans, financial and operational requirements to assess the viability of the opportunities, identify potential areas of risks and where necessary, plans to alleviate or reduce the effects of any potential risks.

2. Review of Financial Requirements and Cash Flow Management

Prior to the implementation of any approved development or construction projects, the Board and Management will review the budget and overall cash flow requirements to assess and plan the financing requirements and cost of financing.

3. Review of Development and Construction Process

The development and construction teams will, prior to commencement of any development and construction activities, review the construction requirements including equipment and machinery specifications, type and usage of materials to assess the impact of the activities on the community and environment and also well-being and safety of the work force on site. The teams will make the necessary recommendations to address and minimise the effects of any potential risks to the community, environment and ensure the well-being and safety of the work force on site.

4. Internal Control System

This is established to mitigate the significant risks that could affect the Group in its operating environment. The Group will continuously identify and assess the impact of such risks and develops necessary measures to manage the risks.

5. Group Structure

This is achieved through clearly defined operating and reporting structures with clear lines of accountability and responsibilities. Changes in the Group structure are duly communicated to management team of the Group. In addition, details of directorship within the Group are constantly highlighted to ensure that related parties are duly identified, as necessary.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

6. Internal Audit Function

In addition, the Group has an internal audit department which carries out the internal audit function in the Group. The findings of the internal audit department are regularly reported to the Audit Committee. The Audit Committee meets at least five (5) times a year with the Board to discuss significant issues discovered during the internal audit process and makes the necessary recommendations to the Board.

7. Control Framework

(a) Financial Information and Information System

Monthly management reports are prepared at subsidiary levels and subject to review by Management and the Executive Directors.

(b) Performance Reporting and Monitoring

Quarterly financial statements are presented to the Audit Committee and the Board for review and discussion.

(c) Standardization of Policies and Procedures

Standardized policies and procedures are implemented to address the financial and operational controls of the Group.

The Board is assured that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

AUDIT COMMITTEE REPORT

The Audit Committee of Malton Berhad which was established on 8 March 2002, comprises the following independent non-executive directors.

- Guido Paul Philip Joseph Ravelli (Chairman)
- Hj Ahmad bin Hj Ismail, PJK (Member)
- Dato' Siew Mun Wai (Member)

Mr Guido Paul Philip Joseph Ravelli is the Chairman of the Audit Committee. Dato' Siew Mun Wai, who was appointed an Independent Non-Executive Director and a member of the Audit Committee on 1 August 2018, is a Fellow Member of the Institute of Chartered Accountants in England & Wales and a Chartered Accountant of the Malaysian Institute of Accountants.

The Audit Committee met five (5) times during the financial year ended 30 June 2019. The attendance of the Audit Committee members is set out below.

Name	Total Meetings Attended
Guido Paul Philip Joseph Ravelli	5 of 5
Hj Ahmad bin Hj Ismail, PJK	5 of 5
Dato' Siew Mun Wai	5 of 5

TERMS OF REFERENCE

Objectives of the Audit Committee

The primary objectives of the Committee are to:-

1. Maintain, through regularly scheduled meetings, an open line of communication between the Board, Management, external auditors and internal auditors;
2. Oversee and appraise the quality of the audits conducted by the external auditors and internal auditors; and
3. Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the Company's administrative, operating and accounting controls.

Membership of the Audit Committee

1. The Company shall appoint an Audit Committee from amongst its directors and shall consist of not less than three (3) in numbers, all of whom shall be non-executive directors with a majority of them being independent directors.
2. At least one member of the Audit Committee:-
 - i. must be a member of the Malaysian Institute of Accountants; or
 - ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - a. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - b. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii. fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.

AUDIT COMMITTEE REPORT

(cont'd)

TERMS OF REFERENCE (cont'd)

Membership of the Audit Committee (cont'd)

3. No alternate director shall be appointed as a member of the Committee.
4. If a member of the Committee for any reason ceases to be a member with the result that the number is reduced to below three (3), the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
5. The Nominating Committee shall review the term of office and performance of the Committee and each of its members on an annual basis to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

Chairman of the Audit Committee

The members of the Committee shall elect a Chairman from among themselves who shall be an independent director subject to the endorsement of the Board of Directors.

Authority of the Audit Committee

The Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

1. Have authority to investigate any matter within its terms of reference;
2. Have the resources which are required to perform its duties;
3. Have full and unrestricted access to any information pertaining to the Group;
4. Have direct communication channels with the external auditors and also the internal auditors;
5. Be able to obtain independent professional advice or other advice necessary for the discharge of its duties; and
6. Be able to convene meeting with the external auditors and/or internal auditors excluding the attendance of other directors and/or employees, whenever deemed necessary.

The Chairman of the Committee shall engage on a continuous basis with senior management on matters affecting the Group.

Where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

Key Functions and Responsibilities

The primary functions of the Committee are to review the following and report the same to the Board of Directors:-

1. The audit plan, audit report and evaluation of the system of internal controls with the external auditors and assistance given by the employees of the Group to the external auditors;
2. The adequacy of scope, functions and resources of the internal audit function and the necessary authority to carry out its duties;
3. The internal audit programme and processes, the results of the internal audit programme, processes and/or investigation undertaken and whether or not appropriate actions are taken on the recommendation of the internal audit function and/or the Committee;

AUDIT COMMITTEE REPORT (cont'd)

TERMS OF REFERENCE (cont'd)

Key Functions and Responsibilities (cont'd)

4. The quarterly results and year-end financial statements, prior to review by the Board of Directors, focusing particularly on:-
 - i. Changes in or implementation of major accounting policy changes;
 - ii. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions , and how these matters are addressed; and
 - iii. compliance with accounting standards and other legal requirements.
5. Any related party transaction and conflict of interest situation that may arise within the Group including review of management integrity;
6. Audit programme and processes of the external auditors including evaluation of the performance and audit independence of the external auditors;
7. Any resignation of external auditors of the Company; and
8. Recommendation for nomination of a person or persons as external auditors.

Meetings and Reporting of the Audit Committee

1. The quorum in respect of a meeting of the Committee shall be a majority of independent directors.
2. The Committee shall meet each quarter of a financial year to review the unaudited results of the Group and on an annual basis, to review the audited financial statements. Additional meetings may be convened, as the Chairman shall decide, in order to fulfil its duties.
3. The Company Secretary or any person appointed by the Audit Committee shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Committee Members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the members and to the other members of the Board of Directors. The Chairman shall convene a meeting of the Committee to consider any matter that the external auditors believe should be brought to the attention of the directors and/or shareholders of the Company.
4. It is only upon an invitation of the Committee that any other directors and/or employees of the Company may attend a meeting of the Committee.
5. All or any member of the Committee may participate in a meeting of the Committee by telephone conferencing, video conferencing or any communication equipment that allows all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

INTERNAL AUDIT FUNCTION

The Group established an internal audit department which reports directly to the Audit Committee. During the financial year ended 30 June 2019, the internal audit department carried out its audit duties based on its established internal audit framework that covered business audit, system audit, operational and financial audits and reported its findings to the Audit Committee. The Audit Committee together with the internal auditors, Executive Directors and Management reviewed the quarterly unaudited financial results and year-end audited financial statements and reported its assessment to the Board of Directors prior to release to Bursa Malaysia Securities Berhad.

AUDIT COMMITTEE REPORT (cont'd)

INTERNAL AUDIT FUNCTION (cont'd)

The internal audit department comprises three personnel and is headed by Mr Kheu Chao Leng. He qualified as a Chartered Certified Accountant and Chartered Secretary in the United Kingdom.

The internal audit team which reports directly to the Audit Committee is free from any relationships and conflict of interest that may impair objectivity and independence.

The total cost incurred for the internal audit function of the Group for the financial year ended 30 June 2019 was approximately RM623,467.

ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2019

The main responsibilities of the Audit Committee are categorized as below.

1. Review of the quarterly unaudited financial results and year-end audited financial statements and report to the Board of Directors of Malton prior to release to Bursa Malaysia Securities Berhad;
2. Review of related party transactions or conflict of interest situation that may arise within the Group including management integrity;
3. Review of the operational functions of various departments of Malton Berhad and its subsidiaries ("Malton Group") to assess the adherence to standard operating procedures in place;
4. Review of the internal controls established for Malton Group for assessment of quality and effectiveness and report on any weaknesses to evaluate the risk management framework including mitigation measures implemented by the Group;
5. Review of the planning report from the external auditors prior which covered the objectives, scope and procedures of the audit; and
6. Review the independence policies and procedures of the external auditors and performance of the external auditors.

During the financial year ended 30 June 2019, the Audit Committee had reviewed the quarterly unaudited financial results together with members of Management and reported its comments to the Board of Directors prior to release to Bursa Malaysia Securities Berhad.

The Audit Committee reviewed related party transactions conducted during the financial year ended 30 June 2019 based on established guidelines and procedures to ensure that the transactions were entered into by the Group on an arm's length basis on terms which are not more favourable than those transacted with the public and not detrimental to the interest of the minority shareholders. It was confirmed that the transactions were carried out at prevailing market prices and on terms which are not more favourable than those transacted with the public and not detrimental to the interest of the minority shareholders.

The Audit Committee met with the external auditors, prior to commencement of the audit for the financial year ended 30 June 2019 and discussed the planning report presented by the external auditors. The planning report covered the objectives, scope and procedures of audit work to be carried out by the external auditors. In the course of review of the year-end audited financial statements, the external auditors had also reported to the Audit Committee on the audit progress and findings made during audit process. The Audit Committee met and reviewed the year-end audited financial statements together with the external auditors and Management and reported its assessment to the Board of Directors prior to release to Bursa Malaysia Securities Berhad.

The Audit Committee also met with the external auditors without presence of the executive members of the Board and Management to discuss matters relating to the audit process and assistance and cooperation extended by Management and employees of Malton Group.

As practiced in the previous years, the Audit Committee also reviewed the independence policies and procedures of the external auditors for assessment of independency of the external auditors.

AUDIT COMMITTEE REPORT

(cont'd)

ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2019 (cont'd)

The Internal Audit Department which reports directly to the Audit Committee is required to present the audit programme prior to commencement of each financial year for review and approval of the Audit Committee. During the financial year ended 30 June 2019, the Internal Audit Department presented, based on the audit programme, audit reports for review by the Audit Committee which mainly covered business and operational activities of the property development and construction divisions including site management and documentation controls. Other areas covered were inventories and investment properties, management of information technology particularly software licenses, finance and accounting records and property management services. These reports presented the findings on the activities carried out by the various departments and through the activities, evaluated the quality and effectiveness of internal controls in place and risks areas and necessary and appropriate mitigation measures.



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REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The directors of **MALTON BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are disclosed in Note 14 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	68,161	7,608
Income tax expense	(42,225)	(2,557)
Profit for the financial year	25,936	5,051
Profit attributable to:		
Owners of the Company	26,385	5,051
Non-controlling interests	(449)	-
	25,936	5,051

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than allowance for impairment losses against trade and other receivables and bad-debts written-off against trade receivables as disclosed in Note 20 to the financial statements.

DIVIDENDS

On 28 December 2018, the Company paid a first and final single-tier dividend of 2.0 sen per share amounting to RM10,563,600 in respect of the financial year ended 30 June 2018 as approved by the shareholders at the last Annual General Meeting.

The directors have proposed a first and final single-tier dividend of 1.5 sen per share in respect of the current financial year. The proposed first and final single-tier dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements for the current financial year. Such dividend when approved by shareholders will be accounted for in equity as an appropriation of retained earnings during the financial year ending 30 June 2020.

RESERVES AND PROVISIONS

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

REPORT OF THE DIRECTORS

(cont'd)

ISSUE OF SHARES AND DEBENTURES

As disclosed in Note 25, in the previous year, 200 warrants were exercised and the remaining unexercised warrants were lapsed upon the expiry on 30 June 2018. The shares for the warrants exercised have been issued during the current financial year which resulted in increase in the issued and paid-up share capital of the Company from RM528,552,432 to RM528,552,632. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any new debentures during the financial year.

SHARE OPTIONS

The ESOS which was established on 20 April 2016 for the benefit of eligible employees and directors of the Group will expire on 19 April 2021.

The salient features of the ESOS are disclosed in Note 25 to the financial statements.

The movements of the options over the unissued ordinary shares in the Company granted under the ESOS during the financial year are as follows:

Date of grant	Exercise price per share RM	Number of options over ordinary shares			Balance as of 30.6.2019
		Balance as of 1.7.2018	Granted	Exercised	
23.2.2017	0.80	4,881,300	-	-	4,881,300

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) 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 all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

REPORT OF THE DIRECTORS (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

At the date of this report, there does not exist:

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made except as disclosed in Note 41 and Note 42.

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 Lim Siew Choon
Guido Paul Philip Joseph Ravelli
Puan Sri Tan Kewi Yong
Chua Thian Teck
Hong Lay Chuan
Hj. Ahmad Bin Hj. Ismail
Dato' Siew Mun Wai
Lim Siew Fai (deceased on 21.5.2019)

The directors of the subsidiary companies 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 Lim Siew Choon
Chua Thian Teck
Hong Lay Chuan
Datuk Lim Chon Hoo
Ahmad Lazri Bin Long Ahmad Zainal Abidin
Mohd Khairuddin Bin Hj. Nawani
Md Yunus Bin Ahmad
Noraani Binti Zainudin
Lim Siew Fai (deceased on 21.5.2019)
Abdul Rahim Bin Mohamed Ali (appointed on 10.10.2019)
Mohammed Fahad M A Al-Khulaifi (appointed on 10.10.2019)
Lee Whay Hoong (appointed on 10.10.2019; alternate director of Tan Sri Lim Siew Choon)

REPORT OF THE DIRECTORS

(cont'd)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Number of ordinary shares			
	Balance as of 1.7.2018	Bought	Sold	Balance as of 30.6.2019
Shares in the Company				
Indirect interest				
Tan Sri Lim Siew Choon	197,531,489	-	-	197,531,489*
Puan Sri Tan Kewi Yong	197,531,489	-	-	197,531,489*

* Held through Malton Corporation Sdn. Bhd.

In addition to the above, the following directors have an interest in the shares of the Company, by other of the options granted pursuant to the ESOS of the Company:

	Number of options over ordinary shares			
	Balance as of 1.7.2018	Granted	Exercised	Balance as of 30.6.2019
Tan Sri Lim Siew Choon	300,000	-	-	300,000
Guido Paul Philip Joseph Ravelli	150,000	-	-	150,000
Puan Sri Tan Kewi Yong	450,000	-	-	450,000
Chua Thian Teck	450,000	-	-	450,000
Hong Lay Chuan	450,000	-	-	450,000
Hj. Ahmad Bin Hj. Ismail	150,000	-	-	150,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of full-time employees of the Company as disclosed in Note 8(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefits which may be deemed to have arisen by virtue of any transactions with companies in which certain directors have substantial financial interest in the ordinary course of business.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to certain directors pursuant to the Company's ESOS as disclosed above.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group and the Company maintain directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Group and of the Company. The amount of insurance premium paid during the year is RM33,930.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company in accordance with Section 289 of the Companies Act, 2016.

REPORT OF THE DIRECTORS

(cont'd)

AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the year ended 30 June 2019 is as disclosed in Note 8(a) to the financial statements.

AUDITORS

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

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the directors,

CHUA THIAN TECK

HONG LAY CHUAN

Kuala Lumpur
25 October 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MALTON BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 30 June 2019 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 53 to 164.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the 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 the 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.

Revenue recognition from property development and construction activities

Revenue from property development and construction activities recognised during the year as disclosed in Note 5 to the financial statements amounted to RM934million, which represents 94% of the Group's revenue.

Property development revenue is recognised over the period of the project by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project).

Judgement is required in determining the progress of property development towards the complete satisfaction of the performance obligation, which includes relying on the opinion or service of experts, past experience and continuous monitoring of the budgeting process. These management estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the year.

Revenue from construction contracts is recognised over time which depends on the extent to which the performance obligation has been satisfied, which is measured by determining the stage of completion. The stage of completion is determined by the proportion that contract construction costs incurred for work performed to date compared to the estimated total construction costs.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

Key Audit Matters (cont'd)

Revenue recognition from property development and construction activities (cont'd)

Judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs.

We focused on this area because of the magnitude of the revenue and the costs recognised by the Group from these activities, which are based on significant estimates and judgments.

Refer to "key estimate and assumptions" in Note 4(a)(i) and (ii), revenue in Note 5 and property development costs in Note 18 to the financial statements.

How the scope of our audit responded to the key audit matter

Our audit procedures included among others:

- Obtained understanding of the revenue recognition process, including the accuracy and timing of revenue recognition towards satisfaction of performance obligation, and tested the associated relevant controls surrounding revenue recognition.
- Reviewed the agreements for property development and construction projects. Tested the accuracy of the management's computation for the progress of property development and construction projects towards the complete satisfaction of performance obligation taking into account the construction or development costs recognised during the financial year and the budgeted cost by testing a sample of costs incurred to date to the relevant supporting documentation (such as contractor's claim certificates, surveyor certificates, architect certificate and others) and reviewing the management prepared budgets ensuring that project budgets are reasonable. We also performed site-visits for individually significant on-going projects to arrive at an overall assessment as to whether percentage of progress towards complete satisfaction of performance obligation determined on a cost-to-cost basis was reasonable. Further, checked the cost incurred by contractors of which invoice/progress claim has yet to be received.
- Evaluated the reasonableness of the estimates made and assessed whether or not these estimates showed any evidence of management bias, based on historical accuracy of management's estimates in prior years. Discussed and tested changes in total estimated costs of a sample of construction and property development projects from prior years with management and assessed the consistency of assumptions applied across projects. Also, interviewed management's project team on the reasonableness of the budgeted costs to the completion of a sample of projects.
- Obtained confirmation of material payable balances and tested details of progress claims for construction costs incurred and payables reconciliation, if any.

Valuation of Inventories

As at 30 June 2019, the Group has unsold inventories amounting to RM152 million. Inventories for sale are stated at the lower of cost and net realisable value (NRV). The determination of the estimated net realisable value of these unsold inventories is dependent upon the directors' expectation of future selling prices.

We focused on this, as this is the specific risk area most susceptible to misstatements and area that involves significant degree of management judgement, and accounting estimates on determining future market trends and future selling price.

Refer to "key estimate and assumptions" in Note 4(b)(v), and inventories in Note 19 to the financial statements.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

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How the scope of our audit responded to the key audit matter

Our audit procedures included among others:

- Reviewed and understood the management process for determination of NRV of inventories and evaluated the design and implementation of the relevant controls.
- For unsold inventory, we tested management's assessment of NRV by reference to recent transacted prices of comparable properties, taking into consideration the estimated selling price less cost to sell.
- Physically sighted a sample of unsold properties, focusing on long-aged properties, to ascertain if any write-down was warranted due to physical obsolescence and deterioration of the properties.
- Where the estimation of NRV is based on the report of management's specialist (i.e. independent valuer), we assessed the appropriateness of the independent valuer's scope of work and evaluated the independence and qualification of the independent valuer. Had discussions with the independent valuer on the methodologies and techniques used in performing the valuation and obtained and tested data provided by management to the independent valuer.

Fair value of investment properties

As at 30 June 2019, the investment property portfolio of the Group amounted to RM175 million. The investment properties of the Group are held at fair value, which is based on independent external valuations performed by management's specialist. The valuation process involves determination of the appropriate valuation method to be used and underlying assumptions to be applied.

We focused on this as the use of valuation methods, assumptions and estimates require significant judgment. The valuation is sensitive to the key assumptions applied and various unobservable inputs.

Refer to "key estimate and assumptions" in Note 4(b)(iv), and investment properties in Note 12 to the financial statements.

How the scope of our audit responded to the key audit matter

Our audit procedures included among others:

- assessed the appropriateness of the independent valuer's scope of work, evaluated the independence and qualification of the independent valuer.
- had discussions with the independent valuer on the methodologies and techniques used in performing the valuation, challenged the assumptions used in the valuation and obtained and tested data provided by management to the independent valuer.
- engaged internal specialist to review the valuation report and to assess the reasonableness of the basis of valuation of investment property completed during the year.

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

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

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 but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the 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.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

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Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016, we also report that in the case of consolidated financial statements, the names of the subsidiaries, of which we have not acted as auditors, are indicated in Note 14 to the financial statements.

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

Other Matters

- As stated in Note 2 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2018 and 1 July 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 30 June 2018 and related disclosures. We were not engaged to report on these comparative information which is now presented in accordance with Malaysian Financial Reporting Standards and hence, these are unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the year ended 30 June 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as at 30 June 2019 and financial performance and cash flows for the year then ended.
- 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 towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LIM CHU GUAN
Partner - 03296/03/2021 J
Chartered Accountant

Kuala Lumpur
25 October 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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		The Group		The Company	
	Note	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Revenue	5	992,124	802,866	23,682	32,668
Cost of sales	6	(790,962)	(653,614)	-	-
Gross profit		201,162	149,252	23,682	32,668
Other income		16,837	43,404	8,658	8,145
Share in results of associated companies	15	-	-	-	-
Selling and distribution expenses		(4,559)	(19,709)	-	-
Administrative expenses		(106,737)	(81,894)	(16,911)	(31,971)
Finance costs	7	(38,542)	(30,015)	(7,821)	(6,554)
Profit before tax	8	68,161	61,038	7,608	2,288
Income tax expense	9	(42,225)	(25,561)	(2,557)	(8,236)
Profit/(Loss) for the year		25,936	35,477	5,051	(5,948)
Other comprehensive loss, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Net changes in fair value of available-for-sale financial assets					
		(46)	(5)	(70)	(5)
Items that will not be reclassified subsequently to profit or loss:					
Adjustment to non-controlling interest due to increase in shareholding of a subsidiary company (Note 14)					
		155	-	-	-
Total comprehensive income/(loss) for the year		26,045	35,472	4,981	(5,953)
Profit/(Loss) attributable to:					
Owners of the Company		26,385	36,310	5,051	(5,948)
Non-controlling interests	14	(449)	(833)	-	-
		25,936	35,477	5,051	(5,948)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		26,339	36,305	4,981	(5,953)
Non-controlling interests	14	(294)	(833)	-	-
		26,045	35,472	4,981	(5,953)
Earnings per ordinary share:					
Basic (sen)	10	5.00	6.88		
Diluted (sen)	10	5.00	6.87		

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

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2019

	Note	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	11	40,189	39,647	37,153
Investment properties	12	174,883	171,159	138,279
Land held for property development	13	191,269	31,457	71,274
Investment in associated companies	15	-	-	2,232
Other investments	16	245	245	245
Deferred tax assets	17	17,211	18,303	12,085
Total non-current assets		423,797	260,811	261,268
Current assets				
Property development costs	18	1,796,070	1,655,298	1,452,494
Inventories	19	152,379	125,742	97,615
Trade receivables	20	133,184	193,706	167,165
Other receivables and prepaid expenses	20	97,208	117,349	352,801
Contract assets	21	306,663	116,080	212,368
Tax recoverable		121	189	231
Short-term funds	23	473	1,508	1,530
Fixed deposits with licensed banks	34	40,005	38,612	9,915
Cash and bank balances	24	81,026	122,757	73,033
Total current assets		2,607,129	2,371,241	2,367,152
Total assets		3,030,926	2,632,052	2,628,420

(Forward)

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2019
(cont'd)

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	Note	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	25	528,552	528,552	528,176
Reserves	26	395,546	379,770	356,750
Non-controlling interests	27	924,098 132,343	908,322 135,167	884,926 179,505
Total equity		1,056,441	1,043,489	1,064,431
Non-current liabilities				
Other payables	32	11,105	97,758	170,202
Redeemable preference shares	29	3,000	3,000	3,000
Bank borrowings - non-current portion	30	124,013	107,569	107,373
Hire-purchase payables - non-current portion	31	1,988	2,464	3,737
Deferred tax liabilities	17	58,800	64,276	65,811
Total non-current liabilities		198,906	275,067	350,123
Current liabilities				
Trade payables	32	575,418	514,804	419,492
Other payables and accrued expenses	32	588,705	349,664	253,358
Contract liabilities	21	8,863	7,210	18,462
Redeemable convertible secured loan stocks - current portion	28	-	-	-
Bank borrowings - current portion	30	578,273	422,617	484,640
Hire-purchase payables - current portion	31	1,786	2,690	2,162
Tax liabilities		22,534	16,511	35,752
Total current liabilities		1,775,579	1,313,496	1,213,866
Total liabilities		1,974,485	1,588,563	1,563,989
Total equity and liabilities		3,030,926	2,632,052	2,628,420

(Forward)

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2019

(cont'd)

	Note	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	756	960	1,501
Investment in subsidiary companies	14	504,149	504,149	505,492
Deferred tax assets	17	462	462	462
Total non-current assets		505,367	505,571	507,455
Current assets				
Trade receivables	20	-	112	74
Other receivables and prepaid expenses	20	1,138	754	643
Amount owing by subsidiary companies	22	144,181	158,497	130,375
Short-term funds	23	473	1,461	1,427
Fixed deposits with licensed banks	34	2,452	2,230	2,230
Cash and bank balances	24	683	11,416	586
Total current assets		148,927	174,470	135,335
Total assets		654,294	680,041	642,790
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	25	528,552	528,552	528,176
Reserves	26	13,158	18,740	37,978
Total equity		541,710	547,292	566,154
Non-current liabilities				
Hire-purchase payables - non-current portion	31	-	-	174
Current liabilities				
Other payables and accrued expenses	32	6,082	5,169	5,919
Redeemable convertible secured loan				
stocks - current portion	28	-	-	-
Amount owing to subsidiary companies	22	313	453	104
Bank borrowings - current portion	30	104,958	124,958	66,964
Hire-purchase payables - current portion	31	-	174	337
Tax liabilities		1,231	1,995	3,138
Total current liabilities		112,584	132,749	76,462
Total liabilities		112,584	132,749	76,636
Total equity and liabilities		654,294	680,041	642,790

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Group	Non-distributable reserves					Distributable reserve				Total RM'000	
	Share capital RM'000	Available -for-sale reserve RM'000	Revaluation reserve RM'000	Option reserve RM'000	Warrant component reserve RM'000	Equity component of RCSLS RM'000		Attributable to owners of the Company RM'000			Non- controlling interests RM'000
						Retained earnings RM'000					
As of 1 July 2017	528,176	51	2,065	1,238	20,546	-	-	318,066	870,142	179,505	1,049,647
Effects on restatement (Note 40)	-	-	-	-	-	-	-	14,784	14,784	-	14,784
As of 1 July 2017 (as restated)	528,176	51	2,065	1,238	20,546	-	-	332,850	884,926	179,505	1,064,431
Issuance of shares:											
ESOS (Note 25 & 26)	376	-	-	(85)	-	-	-	-	291	-	291
Arising from warrants lapsed	-	-	-	-	(20,546)	-	-	20,546	-	-	-
Total comprehensive											
income/(loss) for the year	-	(5)	-	-	-	-	-	36,310	36,305	(833)	35,472
Dividend to equity holders											
of the Company (Note 33)	-	-	-	-	-	-	-	(13,200)	(13,200)	-	(13,200)
Redemption of redeemable											
preference shares (Note 27)	-	-	-	-	-	-	-	-	-	(43,505)	(43,505)
As of 30 June 2018	528,552	46	2,065	1,153	-	-	-	376,506	908,322	135,167	1,043,489
As of 1 July 2018	528,552	46	2,065	1,153	-	-	-	376,506	908,322	135,167	1,043,489
Total comprehensive											
income/(loss) for the year	-	(46)	-	-	-	-	-	26,385	26,339	(294)	26,045
Dividend to equity holders											
of the Company (Note 33)	-	-	-	-	-	-	-	(10,563)	(10,563)	-	(10,563)
Redemption of redeemable											
preference shares (Note 27)	-	-	-	-	-	-	-	-	-	(2,530)	(2,530)
As of 30 June 2019	528,552	-	2,065	1,153	-	-	-	392,328	924,098	132,343	1,056,441

(Forward)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(cont'd)

	Non-distributable reserves				Distributable reserve	
	Share capital RM'000	Available -for-sale reserve RM'000	Option reserve RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total RM'000
The Company						
As of 1 July 2017	528,176	75	1,238	20,546	16,119	566,154
Issuance of shares: ESOS (Note 25 & 26)	376	-	(85)	-	-	291
Transfer to retained earnings (Note 26)	-	-	-	(20,546)	20,546	-
Total comprehensive loss for the year	-	(5)	-	-	(5,948)	(5,953)
Dividend to equity holders of the Company (Note 33)	-	-	-	-	(13,200)	(13,200)
As of 30 June 2018	528,552	70	1,153	-	17,517	547,292
As of 1 July 2018	528,552	70	1,153	-	17,517	547,292
Total comprehensive income for the year	-	(70)	-	-	5,051	4,981
Dividend to equity holders of the Company (Note 33)	-	-	-	-	(10,563)	(10,563)
As of 30 June 2019	528,552	-	1,153	-	12,005	541,710

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
CASH FLOWS (USED IN)/ FROM OPERATING ACTIVITIES				
Profit/(Loss) for the year	25,936	35,477	5,051	(5,948)
Adjustments for:				
Income tax expense recognised in profit or loss	42,225	25,561	2,557	8,236
Finance costs	38,542	30,015	7,821	6,554
Depreciation of property, plant and equipment	6,901	4,783	463	680
Write-offs of:				
Property development costs	17	305	-	-
Property, plant and equipment	3	886	-	-
Trade receivables	11,237	-	-	-
Write down of inventories	2,033	-	-	-
Dividends income from subsidiary companies	-	-	(5,700)	(9,880)
Allowance for impairment loss in:				
Trade receivables	15,423	-	-	-
Other receivables	3,785	-	-	-
Investment in associate companies	-	2,232	-	-
Investment in subsidiary companies	-	-	-	11,343
Loss/(Gain) on:				
Fair value adjustments of investment properties	1,594	(994)	-	-
Revocation of joint development agreement of a subsidiary	-	(30,023)	-	-
Disposal of property, plant and equipment	(44)	(138)	-	-
Interest income	(2,497)	(3,470)	(8,537)	(8,093)
Distribution income on short-term funds	(49)	(82)	(47)	(52)
Adjustment for loss on increase in shareholding in a subsidiary company	155	-	-	-
Impairment loss no longer required in other receivables	-	(3,095)	-	-
Operating Profit Before Working Capital Changes	145,261	61,457	1,608	2,840
(Increase)/Decrease in:				
Property development costs, net of interest expense of RM1,770,000 (2018: RM632,000) (Note 18(a))	(352,620)	(132,380)	-	-
Trade receivables (Note (ii))	33,862	(50,766)	112	(38)
Other receivables and prepaid expenses	16,356	238,547	(384)	(111)
Inventories (Note (ii))	13,565	3,416	-	-
Contract assets	(190,583)	96,288	-	-
Amount due from subsidiary companies	-	-	36,426	-

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(cont'd)

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Increase/(Decrease) in:				
Trade payables	60,614	95,312	-	-
Other payables and accrued expenses (Note (ii))	165,449	37,312	913	(750)
Contract liabilities	1,653	(11,252)	-	-
Amount due to subsidiary companies	-	-	(140)	-
Cash (Used In)/Generated From Operations	(106,443)	337,934	38,535	1,941
Income tax paid	(40,623)	(52,742)	(3,321)	(9,379)
Income tax refunded	106	229	-	-
Net Cash (Used In)/From Operating Activities	(146,960)	285,421	35,214	(7,438)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Additions to investment properties, net of interest expense of RM772,000 (2018: RM2,622,000) (Note 12)	(4,546)	(29,264)	-	-
Increase in land held for property development	(1,508)	(21,025)	-	-
Additions to property, plant and equipment (Note (i))	(7,023)	(6,440)	(259)	(139)
Placement of:				
Fixed deposits pledged to licensed banks	(1,393)	(28,697)	(222)	-
Restricted cash at bank	(3,914)	(2,209)	-	-
Additions to short-term funds	989	17	918	(39)
Advances to subsidiary companies	-	-	(37,952)	(27,773)
Acquisition of additional interest in subsidiary company	-	-	-	(10,000)
Proceeds from disposal of property, plant and equipment	44	144	-	-
Interest received	2,497	3,470	79	8,093
Distribution income on short-term funds received	49	82	47	52
Dividends received	-	-	-	9,880
Net Cash Used In Investing Activities	(14,805)	(83,922)	(37,389)	(19,926)

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(cont'd)

Note	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
CASH FLOWS FROM/(USED IN)				
FINANCING ACTIVITIES				
Proceeds from bank borrowings	405,956	223,795	180,000	60,000
Proceeds from exercise of share options	-	291	-	291
Repayments of bank borrowings	(233,526)	(278,912)	(170,000)	(2,000)
Repayments of hire-purchase payables	(1,803)	(2,474)	(174)	(337)
Redemption of redeemable preference shares from non-controlling interests	(2,530)	(43,505)	-	-
Dividends paid	(10,563)	(13,200)	(10,563)	(13,200)
Interest paid	(41,084)	(33,269)	(7,821)	(6,554)
Net Cash From/(Used In) Financing Activities	116,450	(147,274)	(8,558)	38,200
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(45,315)	54,225	(10,733)	10,836
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	91,553	37,328	6,458	(4,378)
CASH AND CASH EQUIVALENTS AT END OF YEAR	34	46,238	(4,275)	6,458

Note (i)

During the financial year, the Group and the Company acquired property, plant and equipment at an aggregate cost of RM7,446,000 (2018: RM8,169,000) and RM259,000 (2018: RM139,000) respectively of which RM423,000 (2018: RM1,729,000) and RMNil (2018: RMNil) for the Group and the Company respectively were acquired under hire-purchase arrangements. Cash payments for the acquisition of property, plant and equipment of the Group and of the Company amounted to RM7,023,000 (2018: RM6,440,000) and RM259,000 (2018: RM139,000) respectively.

Note (ii)

The Group completed the non-cash transactions with proceeds from sale of completed properties to a third party amounting to RM13,061,000 (2018: RM13,450,000), as partial settlement in respect of the proprietor's entitlement payable between a third party and its wholly-owned subsidiary company as disclosed in Note 18(f).

In 2018, the Group completed a non-cash transaction which involved transfer of inventories from a third party amounting RM24,225,000, in respect of debt settlement between a third party and its wholly-owned subsidiary company as disclosed in Note 19.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are disclosed in Note 14.

The registered office of the Company is located at 19-0, Level 19, Pavilion Tower, 75, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at Level 18 & 19, Pavilion Tower, 75, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 25 October 2019.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

The financial statements are presented in Ringgit Malaysia ("RM"), unless otherwise stated, which is the Group's and Company's functional currency.

Malaysian Financial Reporting Standards Framework ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("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 were required to 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, are 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.

The Group falls within the scope definition of Transitioning Entities, and therefore in the previous years, had availed itself of this transitional arrangement and prepared the financial statements in accordance with Financial Reporting Standards ("FRS") in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Malaysian Financial Reporting Standards Framework ("MFRS Framework") (cont'd)

The Group and the Company have applied *MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ended 30 June 2019, being the first set of financial statements prepared in accordance with the new MFRS Framework.

Subject to certain transition elections as disclosed in Note 40, the Group and the Company have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 July 2017, being the transition date, and throughout all years presented, as if these policies had always been in effect.

The financial impacts of the transition to MFRS Framework are disclosed in Note 40.

Further during the year, the Group and the Company have early adopted IFRIC Agenda Decision on MFRS 123 Borrowing Costs as detailed in Note 40.

Adoption of new and amended Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the new MFRSs, amendments to MFRSs and IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations and effective for annual financial periods beginning on or after 1 July 2018.

MFRS 9	Financial Instruments (FRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers and related clarifications
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfer of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014-2016 Cycle.	

The adoption of these new MFRSs, amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company, except as disclosed in Note 40.

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

The new MFRSs, amendments to MFRSs and IC Interpretation which are in issue but not yet effective and not early adopted by the Group and the Company are listed below:

MFRS 16	Leases ¹
MFRS 17	Insurance Contracts ³
Amendments to MFRS 3	Definition of a Business ²
Amendments to MFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to MFRS 101 and MFRS 108	Definition of Material ²
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement ¹
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures ¹
IC Interpretation 23	Uncertainty over Income Tax Treatments ¹
Annual Improvements to MFRSs 2015-2017 Cycle ¹	
Amendments to References to the Conceptual Framework in MFRS Standards ²	

¹ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

⁴ Effective date deferred to a date to be determined and announced, with earlier application permitted.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Standards, Amendments and IC Interpretations in issue but not yet effective (cont'd)

The abovementioned new MFRSs, amendments to MFRSs and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and the Directors anticipate that the adoption of these new MFRSs, amendments to MFRS and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as disclosed below:

MFRS 16 Leases

MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities, except for short-term leases and leases of low value assets. A lessee is required to recognise a right-of-use ("ROU") asset representing its rights to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Standard will affect primarily the accounting for the Group's and the Company's leases previously recognised as operating leases under MFRS 117 Leases. At the date of initial application, all ROU assets will be measured at an amount equal to the lease liabilities measured at present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application.

In contrast to lessee accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The directors of the Group and of the Company anticipate that the application of MFRS16 may have an impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS16 until the Group and the Company perform a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into different levels of fair value hierarchy 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 entirety, 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group’s customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(i) Property development revenue

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the project by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group’s efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project).

(ii) Sale of completed properties

Revenue from sales of completed properties is recognised at point in time, when control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

(iii) Revenue from construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. Work done is measured based on actual and expected cost incurred for project activities. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally within the normal business operating cycle.

(iv) Management fees

Management fees are recognised when such services are rendered.

(v) Dividend income

Dividend income is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably).

(vi) Rental income

Rental income is recognised over the tenure of the rental period of properties.

(vii) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Employee Benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits (cont'd)

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Equity compensation benefits

Under the Company's Employees' Share Option Scheme ("ESOS"), share options to acquire ordinary shares of the Company are granted to eligible employees and directors of the Group. Details of the Company's ESOS are disclosed in Note 25. The ESOS, an equity-settled share-based compensation plan, allows the Group's employees and directors to acquire ordinary shares of the Company. The total fair value of share options granted to employees and directors is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and takes into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

Foreign Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements of the Group, the results and financial position of each entity are expressed in RM, which is the functional currency of the Company and the presentation currency for the financial statements of the Group.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences (if any) arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currency (cont'd)

For the purpose of presenting financial statements of the Group, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Income Tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences as of the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences while 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 profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. 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, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

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. The Directors of the Group reviewed the Group's investment properties and concluded that they are not held under 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. Therefore, the Directors have determined that the 'sale' presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of the investment properties based on the expected rate that would apply on disposal of the investment properties.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 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 and the Company intend to settle their current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary companies. Control is achieved when the Company:

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

The Company 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.

When the Company 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 Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and 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.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

All intragroup assets and liabilities, income, 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 subsidiary companies that do not result in a loss of 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 subsidiary companies. 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.

Where the Group loses control of a subsidiary company, the profit or loss on disposal 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 company and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. 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 of a financial asset in accordance with MFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combination

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, 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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to the replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured as fair value or, when applicable, on the basis specified in another MFRS.

When a business combination is achieved in stages, the Group's previously held interests in the acquiree is remeasured to its acquisition-date fair value 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), 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 as of that date.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in Subsidiary Companies

Investments in unquoted shares of subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost less impairment losses. When there is an indication of impairment in the value of the investment, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investments in Associated Companies

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 an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5. Under the equity method, an investment in an associate is 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. 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 an 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.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with MFRS 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 the 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 MFRS 9. 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 a part interest in 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 or 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in Associated Companies (cont'd)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

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 an associate of the Group, profits and 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.

Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

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 the 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Capital work-in-progress is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis to write-off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used are as follows:

Buildings – leasehold	Over the lease period
Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Site equipment	10% - 20%
Electrical installations	10%
Computers	20%
Office renovations	10%
Sales gallery	20%

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

At the end of each reporting period, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Property, Plant and Equipment under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are recognised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Leases

(i) Finance Lease

Assets acquired under leases which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease period so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets and assets under hire-purchase is consistent with that for depreciable property, plant and equipment.

(ii) Operating Lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease are charged to profit or loss over the lease period.

Provisions

Provisions are made when the Group and the Company have 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 can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are based on active market prices, adjusted, if necessary, for any difference in the nature, location or conditions of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair value are included in profit or loss in the period in which they arise.

On the disposal of the investment property, or when it is permanently withdrawn from use and no economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of change in use becomes its deemed cost for subsequent accounting.

Determination of fair value

Fair value of investment properties are determined based on valuation carried out by an external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued or, based on past transacted prices of the same properties and in the absence of past transacted prices, on the basis of the Directors' best estimates.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Inventories

(i) Land held for property development

Land held for property development consists of land held for future development on which no significant development 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 impairment losses (if any). 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories (cont'd)

(i) Land held for property development (cont'd)

Land held for property development is classified as property development cost under current assets when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

(ii) Property development costs

Property development costs are determined on a specific identification basis. Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that meet the definition of inventories are recognised as an asset and stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

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

(iii) Completed development units and vacant land for sale

Completed property units and vacant land for sale are valued at the lower of cost (determined on the specific identification basis) and net realisable value.

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

Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is an objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

Contract costs

The Group recognise the incremental costs of obtaining a contract with a customer, which are expected to be recovered, as an asset. The incremental costs of obtaining a contract are costs incur to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in profit or loss when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Borrowing Costs

Interest incurred on borrowings costs that are directly attributable to the acquisition, construction or production of a qualifying asset related to property development activities or construction of assets are capitalised as part of the cost of the asset during the period of time required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

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

Cash and Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

For the purposes of the statements of cash flows, cash and cash equivalents include cash and bank balances, fixed deposits with licensed banks, and short-term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

Redeemable Convertible Secured Loan Stocks ("RCSLS")

The RCSLS are regarded as compound instruments, consisting of a liability and an equity component. The component of RCSLS that exhibits characteristics of a liability is recognised as financial liability in the statements of financial position. The coupon payable on RCSLS is recognised as interest expense in profit or loss using the effective interest method.

On issuance of RCSLS, the fair value of the liability component is determined using the Group's effective interest rate and this amount is carried as a financial liability in the statements of financial position. The residual amount, after deducting the fair value of the liability component, is recognised and included in equity.

Financial Instruments

MFRS 9 replaces the provisions of FRS 139 that relate to the recognition, classification and measurement of the financial assets and financial liabilities, derecognition of the financial instruments and impairment of financial assets.

Financial instruments are recognised in the statements 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. Transactions 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.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Classification of financial assets

The Group classifies the financial assets in the following categories:

- at fair value through profit and loss ("FVTPL");
- at fair value through other comprehensive income ("FVTOCI"); or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

These financial assets are initially recognised at fair value, and subsequently carried at amortised cost using effective interest rate methods less any accumulated impairment. 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 interest income is recognised in profit or loss.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, these are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

On initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets measured at fair value through other comprehensive income ("FVTOCI") (cont'd)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Dividends on these investments in equity instruments are recognised in profit or loss when the right to receive payment of the dividend is established.

The Group has not designated any investment for at FVTOCI on initial application of MFRS 9.

Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. These financial assets are initially recorded at fair value and transaction costs is recognised statement of profit or loss. Subsequently, these are measured at fair value, with fair value changes recognised in the statement of profit or loss in the period in which they arise.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit loss for trade receivables, contract assets and lease receivables. The expected credit losses on financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss ("ECL").

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- 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. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

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.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities and Equity Instruments

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Group are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method or at FVTPL.

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 9 permits the entire combined contract (asset or liability) to be 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. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

(ii) Financial liabilities measured subsequently at amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

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 a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting policy applied until 30 June 2018:

The Group applied MFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Prior to 1 July 2018, the Group's accounting policies for financial instruments were as follows:

Financial instruments are recognised when, the Group and the Company becomes 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.

Financial Assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investment, "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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(ii) AFS Financial Assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

(ii) AFS Financial Assets (cont'd)

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

(iii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) 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 effect of discounting is immaterial.

(iv) Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. 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.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or
- financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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 periods, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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. Subsequent recoveries of amounts previously written off are recognised in profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(iv) Impairment of Financial Assets (cont'd)

For financial assets measured at amortised cost, 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.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(v) Derecognition of Financial Assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial Liabilities and Equity Instruments

(i) Classification as Debt or Equity

Debt and equity instruments issued by the Group and the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and equity instruments.

(ii) 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 Group and the Company are recognised at the proceeds received, net of direct issue costs.

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

Warrants are classified as equity instruments.

The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for a consideration equivalent to the exercise price of the warrants.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Liabilities and Equity Instruments (cont'd)

(iii) Financial Liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which FRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be 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. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of comprehensive income/profit or loss.

Other Financial Liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

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 (including all fees and points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Redeemable Preference Shares

Redeemable preference shares are classified as a liability as it is redeemable on a specific date or at the option of the holder, or if dividend payments are not discretionary. Dividends thereon, if any, are recognised as interest expense in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(iv) Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instruments.

Financial guarantee contracts issued by the Group are initially recognised at their fair values and, if not designated as at FVTPL, are subsequently measured at higher of:

- the amount of the obligation under the contract, as determined in accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

Contingent Liabilities

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 or a sufficiently reliable estimate of the amount of the obligation cannot be made.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Critical Judgements in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements other than as follows:

(i) Revenue recognition on property development projects

Revenue from property development is recognised over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, which is measured on the basis of the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) Critical Judgements in Applying the Group's Accounting Policies (cont'd)

(i) Revenue recognition on property development projects (cont'd)

Significant judgement is required in determining the total expected property development, which includes relying on the opinion or service of experts, past experience and continuous monitoring of the budgeting process. These management estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the year, as well as assessing the recoverability of the property development projects.

Estimated losses are recognised in full when determined. Property development revenue and costs estimates are reviewed and revised periodically as work progresses.

(ii) Revenue recognition on construction contracts

As revenue from on-going construction contracts is recognised over time, the amount of revenue recognised at the reporting date depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is determined by the proportion that contract construction costs incurred for work performed to date compare to the estimated total contract construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction project and contract cost. Estimated losses are recognised in full when determined. Construction revenue and costs estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

(iii) Classification between investment properties and property, plant and equipment

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for own use for administrative purposes.

If these portions would be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for own use for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(b) Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

(i) Impairment of non-financial assets

The Group and the Company review the carrying amount of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group and the Company make estimates and assumptions that require significant judgements. While the Group and the Company believe these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's and the Company's financial position and results.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key Sources of Estimation Uncertainty (cont'd)

- (ii) Impairment of trade receivables, other receivables and contract assets - Expected Credit Loss model (ECL)

The policy for allowance for impairment loss of the Group and of the Company is based on the expected credit loss model as required by MFRS 9. Significant estimate is required in determining the impairment of trade receivables, other receivables and contract assets. Impairment loss is measured based on expected credit loss model is based on assumptions on the risk of default and expected loss rates. The Group and the Company use judgment in making these assumption and selecting the inputs to the ECL based on past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

- (iii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent 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. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

- (iv) Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for the financial reporting purposes. The directors use their judgement in selecting and applying an appropriate valuation technique for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in Note 12.

- (v) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The Group determines net realisable value based on historical trends and management estimates of future selling pricing. Possible changes in these estimates could result in revisions to the valuation of inventories.

- (vi) Impairment in investment in subsidiary companies

The Company reviews the carrying amount of its investment in subsidiary companies to determine whether there is an indication that those assets or Cash Generating Unit ("CGU") have suffered an impairment loss. When there is an indication that the carrying amount of an asset or CGU may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies.

In determining the VIU of an asset or CGU, being the future economic benefits to be expected from its continued use and ultimate disposal, the Company makes estimates and assumptions that require significant judgements. While the Company believes these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Company's financial position and results.

The carrying amount of investment in subsidiary companies as at the reporting period is RM504,149,000 (2018: RM504,149,000; 2017: RM505,492,000). Further details are disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. REVENUE

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Revenue from:				
Property development (Note 21)	541,215	388,638	-	-
Construction contracts (Note 21)	392,304	382,152	-	-
Completed properties and vacant land	57,811	29,417	-	-
Rental income from investment properties	620	632	-	-
Dividends from subsidiary companies (Note 22)	-	-	5,700	9,880
Management fee receivable from subsidiary companies (Note 22)	-	-	17,832	21,888
Others	174	2,027	150	900
	992,124	802,866	23,682	32,668
Timing of revenue recognition:				
Point in time	57,811	29,417	5,700	9,880
Over time	934,313	773,449	17,982	22,788
	992,124	802,866	23,682	32,668

6. COST OF SALES

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
Cost of property development sold (Note 18)	430,279	319,355
Cost of construction contracts	332,830	315,682
Cost of inventories sold	29,906	16,866
Provision for foreseeable loss (Note 18)	(2,053)	1,711
	790,962	653,614

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

7. FINANCE COSTS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Interest expenses on:				
Term loans/Bridging loans	24,920	20,119	-	-
Revolving credits	13,377	8,574	7,455	6,287
Bank overdrafts	1,101	1,489	363	252
Hire-purchase	255	384	3	15
Trade facilities	1,267	-	-	-
Others	164	2,703	-	-
	41,084	33,269	7,821	6,554
Less interest capitalised in:				
Investment properties (Note 12)	(772)	(2,622)	-	-
Property development costs (Note 18)	(1,770)	(632)	-	-
	(2,542)	(3,254)	-	-
	38,542	30,015	7,821	6,554

8. PROFIT BEFORE TAX

(a) Profit before tax is arrived at after (crediting)/charging:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
(Gain)/Loss on:				
Revocation of joint development agreement of a subsidiary (Note 20 (c))	-	(30,023)	-	-
Disposal of property, plant and equipment	(44)	(138)	-	-
Interest income on:				
Fixed deposits	(434)	(1,472)	(79)	(381)
Housing Development Account	(1,006)	(1,029)	-	-
Others	(1,057)	(969)	-	-
Amount owing by subsidiary companies (Note 22)	-	-	(8,458)	(7,712)
	(2,497)	(3,470)	(8,537)	(8,093)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

8. PROFIT BEFORE TAX (cont'd)

(a) Profit before tax is arrived at after (crediting)/charging: (cont'd)

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Rental income	(4,208)	(3,018)	-	-
Loss/(Gain) on fair value adjustments of investment properties (Note 12)	1,594	(994)	-	-
Distribution income on short-term funds	(49)	(82)	(47)	(52)
Allowance for impairment loss no longer required (Note 20)	-	(3,095)	-	-
Allowance for impairment loss in:				
Trade receivables (Note 20)	15,423	-	-	-
Other receivables (Note 20)	3,785	-	-	-
Depreciation of property, plant and equipment (Note 11)	6,901	4,783	463	680
Rental of premises payable to third party	4,356	3,959	363	300
Impairment loss:				
Investment in associated companies (Note 15)	-	2,232	-	-
Investment in subsidiary companies (Note 14)	-	-	-	11,343
Write-offs of:				
Property development costs (Note 18)	17	305	-	-
Property, plant and equipment (Note 11)	3	886	-	-
Trade receivables (Note 20)	11,237	-	-	-
Write down of inventories (Note 19)	2,033	-	-	-
Audit fees:				
Statutory	483	448	99	85
Lease rental	26	49	23	22

(b) Staff costs

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	31,767	38,589	3,940	6,299
Defined contribution plan	4,127	3,806	529	489
Social security contributions	213	206	26	23
EIS contributions	23	-	3	-
	36,130	42,601	4,498	6,811

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

8. PROFIT BEFORE TAX (cont'd)

(c) Directors' remuneration

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive directors:				
Salaries and other emoluments	4,484	4,608	4,484	4,608
Defined contribution plan	527	543	527	543
	5,011	5,151	5,011	5,151
Non-executive directors:				
Fees	649	380	380	380
Allowances	44	45	44	45
	693	425	424	425
	5,704	5,576	5,435	5,576

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM195,000 and RM195,000 (2018: RM198,000 and RM198,000), respectively.

9. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Estimated tax payable:				
Current	46,749	31,750	2,634	3,600
(Over)/Underprovision in prior years	(140)	1,564	(77)	4,636
	46,609	33,314	2,557	8,236
Deferred tax (Note 17):				
Current	(7,198)	(6,756)	-	-
Over/(Under)provision in prior years	2,814	(997)	-	-
	(4,384)	(7,753)	-	-
Income tax expense	42,225	25,561	2,557	8,236

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INCOME TAX EXPENSE

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

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Profit before tax	68,161	61,038	7,608	2,288
Tax expense at the applicable statutory income tax rate of 24% (2018: 24%)	16,359	14,649	1,826	549
Tax effects of:				
Expenses not deductible for tax purposes	22,416	11,415	2,185	5,434
Income not subject to tax	(1,292)	(1,560)	(1,377)	(2,383)
Utilisation of deferred tax assets not recognised previously	(2,307)	(13)	-	-
Deferred tax asset not recognised	7,132	503	-	-
(Over)/Underprovision in prior years in respect of estimated tax payable	(140)	1,564	(77)	4,636
Over/(Under)provision in prior years in respect of deferred tax	2,814	(997)	-	-
Effect of change in tax rate	(2,757)	-	-	-
Income tax expense	42,225	25,561	2,557	8,236

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to 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 unabsorbed capital allowances can be recognised. As of 30 June 2019, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the tax effects have not been recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
Deductible temporary differences arising from other payables and accrued expenses	431	661
Unused tax losses	79,458	58,910
Unabsorbed capital allowances	467	681
	80,356	60,252

The unused tax losses and unabsorbed capital allowances are subject to the agreement by the tax authorities. The unused tax losses will expire in year 2025 under the current tax legislation. The unabsorbed capital allowances do not expire under the current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

10. EARNINGS PER ORDINARY SHARE

Basic

The basic earnings per ordinary share of the Group has been calculated based on the profit attributable to ordinary equity holders of the Company and on the weighted average number of ordinary shares in issue and ranking for dividend during the year as follows:

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
Profit attributable to ordinary equity holders of the Company	26,385	36,310

	The Group	
	2019 '000	2018 '000
Weighted average number of ordinary shares in issue and ranking for dividend	528,140	528,000

Basic earnings per ordinary share:

	The Group	
	2019 Sen	2018 Sen (Restated)
Profit attributable to ordinary equity holders of the Company	5.00	6.88

Diluted

The diluted earnings per ordinary share of the Group has been calculated based on the profit attributable to ordinary equity holders of the Company and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares as follows:

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
Profit attributable to ordinary equity holders of the Company	26,385	36,310

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

10. EARNINGS PER ORDINARY SHARE (cont'd)

Diluted (cont'd)

	The Group	
	2019 '000	2018 '000
Weighted average number of ordinary shares in issue and ranking for dividend	528,140	528,000
Effects of share option dilution	-	822
Adjusted weighted average number of ordinary shares in issue and ranking for dividend	528,140	528,822

Diluted earnings per ordinary share:

	The Group	
	2019 Sen	2018 Sen (Restated)
Profit attributable to ordinary equity holders of the Company	5.00	6.87

The assumed conversion of the warrants has an anti-dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

11. Property, Plant And Equipment

The Group	Leasehold Building RM'000 (Restated)	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Site equipment RM'000	Electrical installations RM'000	Computers RM'000	Office renovations RM'000	Sales gallery RM'000 (Restated)	Capital work-in-progress RM'000 (Restated)	Total RM'000 (Restated)
Cost											
As of 1 July 2017	5,500	4,146	1,491	11,878	6,587	297	3,736	5,971	-	19,914	59,520
Additions	-	45	113	325	5,641	-	345	706	-	994	8,169
Disposals	-	-	(22)	(1,328)	-	-	-	-	-	-	(1,350)
Write-offs	-	(22)	(5)	-	-	-	(6)	-	-	(880)	(913)
Reclassification	-	-	-	-	-	-	-	-	8,214	(8,214)	-
As of 30 June 2018/1 July 2018	5,500	4,169	1,577	10,875	12,228	297	4,075	6,677	8,214	11,814	65,426
Additions	-	239	309	510	3,414	-	256	135	108	2,475	7,446
Disposals	-	-	-	(600)	-	-	-	-	-	-	(600)
Write-offs	-	-	-	-	(50)	-	-	-	-	-	(50)
As of 30 June 2019	5,500	4,408	1,886	10,785	15,592	297	4,331	6,812	8,322	14,289	72,222

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

11. Property, Plant And Equipment (cont'd)

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NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

11. Property, Plant And Equipment (Cont'd)

The Company	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Computers RM'000	Office renovations RM'000	Total RM'000
Cost						
As of 1 July 2017	481	261	1,981	1,036	1,062	4,821
Additions	17	5	-	117	-	139
As of 30 June 2018/1 July 2018	498	266	1,981	1,153	1,062	4,960
Additions	196	16	-	47	-	259
As of 30 June 2019	694	282	1,981	1,200	1,062	5,219
Accumulated depreciation						
As of 1 July 2017	313	186	1,439	643	739	3,320
Charge for the year (Note 8)	48	15	375	136	106	680
As of 30 June 2018/1 July 2018	361	201	1,814	779	845	4,000
Charge for the year (Note 8)	51	16	166	126	104	463
As of 30 June 2019	412	217	1,980	905	949	4,463
Net book value						
As of 30 June 2019	282	65	1	295	113	756
As of 30 June 2018	137	65	167	374	217	960
As of 1 July 2017	168	75	542	393	323	1,501

Included in property, plant and equipment of the Group and of the Company are fully depreciated property, plant and equipment with a cost of RM12,569,000 (2018: RM11,006,000; 2017: RM11,105,000) and RM2,761,000 (2018: RM957,000; 2017: RM501,000) respectively, which are still in use.

Included in property, plant and equipment of the Group and of the Company are property, plant and equipment under hire-purchase arrangements with net book value of RM5,834,000 (2018: RM6,530,000; 2017: RM6,807,000) and RMNil (2018: RM166,000; 2017: RM541,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

12. INVESTMENT PROPERTIES

The Group	At fair value		At cost	
	Freehold properties RM'000	Long-term leasehold properties RM'000 (Restated)	Leasehold properties under construction RM'000	Total RM'000 (Restated)
As of 1 July 2017	11,900	31,576	94,803	138,279
Fair value adjustments (Note 8)	260	734	-	994
Additions	-	-	31,886	31,886
As of 30 June 2018	12,160	32,310	126,689	171,159
As of 1 July 2018	12,160	32,310	126,689	171,159
Fair value adjustments (Note 8)	-	(1,594)	-	(1,594)
Additions	-	-	5,318	5,318
Reclassification	-	132,007	(132,007)	-
As of 30 June 2019	12,160	162,723	-	174,883

(a) Investment properties

(i) At fair value

The fair values of the Group's investment properties as of 30 June 2019 have been arrived at by the directors based, among others, on valuations performed by the independent valuers that are not related to the Group using the comparison method of valuation and current prices in an active market for similar properties.

The fair values of the Group's investment properties are classified as a Level 3 fair value item for the purposes of fair value hierarchy disclosure.

The following table shows the significant unobservable input used in the valuation model:

Type	Significant unobservable inputs	Relationship of unobservable inputs and fair value measurement
Freehold properties	Sale price of comparable land and buildings	The higher the sale price of comparable land and buildings, the higher the fair value
Long-term leasehold properties	Sale price of comparable land and buildings	The higher the sale price of comparable land and buildings, the higher the fair value

(ii) At cost

As the fair values of the leasehold properties under construction are not reliably determinable, the leasehold properties under construction are measured at cost until either the fair value becomes reliably determinable or construction is completed, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

12. INVESTMENT PROPERTIES (Cont'd)

(b) Investment properties pledged as securities

In 2017, the investment properties of the Group amounting to RM45,900,000 were charged to the trustee as securities for the redeemable convertible secured loan stocks ("RCSLS") as mentioned in Note 28. The Company has fully redeemed and converted the RCSLS in 2017, accordingly, the said properties were discharged from the trustee.

As of 30 June 2019, the long-term leasehold properties and investment properties under construction of the Group amounting to RM157,913,000 (2018: RM3,380,000; 2017: RM3,380,000) and RMNil (2018: RM126,689,000; 2017: RM94,803,000) respectively, are charged to licensed banks for credit facilities granted to the Group as mentioned in Note 30.

(c) The following are recognised in profit or loss in respect of investment properties:

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
Rental income	(1,168)	(632)
Direct operating expenses	1,029	865

(d) Included in current year additions to investment properties are the following:

	The Group	
	2019 RM'000	2018 RM'000
Interest expense on (Note 7): Revolving credits	772	2,622

13. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)
At beginning of year:		
Freehold land - at cost	11,458	22,624
Long-term leasehold land - at cost	8,500	8,500
Development expenditure	11,499	40,150
	31,457	71,274
Additions during the year:		
Freehold land - at cost	-	277
Development expenditure	1,508	20,748
	1,508	21,025

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

13. LAND HELD FOR PROPERTY DEVELOPMENT (Cont'd)

	The Group	
	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)
Transfer from/(to) property development costs (Note 18):		
Freehold land - at cost	-	(11,443)
Long-term leasehold land - at cost	99,800	-
Development expenditure	58,504	(49,399)
	158,304	(60,842)
At end of year:		
Freehold land - at cost	11,458	11,458
Long-term leasehold land - at cost	108,300	8,500
Development expenditure	71,511	11,499
	191,269	31,457

Certain long-term leasehold land of the Group amounting to RM170,425,000 (2018: RMNil; 2017: RMNil) are charged to licensed bank for credit facilities granted to the Group as mentioned in Note 30.

In 2017, the freehold land and long-term leasehold land of the Group amounting to RM17,336,000 and RM8,640,000 respectively, were charged to the trustee as securities for the RCSLS as mentioned in Note 28. The Company has fully redeemed and converted the RCSLS in 2017, accordingly, the said lands were discharged from the trustee.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Unquoted shares, at cost	515,859	515,859	505,859
Less: Accumulated impairment loss	(11,710)	(11,710)	(367)
	504,149	504,149	505,492
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Accumulated impairment losses			
At beginning of year	11,710	367	367
Addition during the year (Note 8)	-	11,343	-
At end of year	11,710	11,710	367

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

2019

(i) Additional investment in an existing subsidiary company

Macorp Sdn Bhd

On 14 January 2019, the Company acquired 65,000 ordinary shares of MSB for a total cash consideration of RM1. The effective equity interest increases from 87% to 100%.

2018

(i) Acquisition of new subsidiary company

Ambang Suriamas Sdn Bhd

On 18 September 2017, Khuan Choo Realty Sdn Bhd ("KCRSB"), a wholly owned subsidiary company of the Company, subscribed for 100% of the issued and paid-up share capital of Ambang Suriamas Sdn Bhd ("ASSB"), a company incorporated in Malaysia, for a total cash consideration of RM1.

On 4 October 2017, KCRSB further subscribed 9,999,999 ordinary shares in ASSB for a total consideration of RM9,999,999. The effective equity interest remains at 100%.

The fair value of the assets acquired and the liabilities assumed, and the post acquisition results of the above subsidiary company is not material to the Group.

(ii) Additional investment in an existing subsidiary company

Khuan Choo Realty Sdn Bhd

On 4 October 2017, the Company acquired 10,000,000 ordinary shares of KCRSB, for a total consideration of RM10,000,000. The effective equity interest remains at 100%.

2017

(i) Acquisition of new subsidiary company

Amberstraits Sdn Bhd

On 12 January 2017, KCRSB a wholly-owned subsidiary company of the Company, subscribed for 100% of the issued and paid-up share capital of Amberstraits Sdn Bhd, a company incorporated in Malaysia, for a total consideration of RM2.

(ii) Additional investment in existing subsidiary company

Memang Perkasa Sdn Bhd ("MPSB")

On 20 September 2016, the Company acquired additional 2,499,000 ordinary shares of MPSB, for a total consideration of RM2,499,000. The effective equity interest remains at 51%.

Impairment loss

The Company conducted a review of the recoverable amount of its investment in subsidiary companies of which its cost of investment exceeded its share of net assets in the subsidiary companies at the reporting date. The review gave rise to the recognition of impairment loss in investment in Bukit Rimau Development Sdn Bhd ("BRD"), a wholly owned subsidiary company, amounting to RMNil (2018: RM11,343,000).

The key assumption used in determining the recoverable amount of the investment in BRD is as follows:

- Discount rate of 7.0%

The recoverable amount of the investment in BRD is within level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

The details of the subsidiary companies are as follows:

Name	Country of incorporation	Proportion of ownership interest and voting power			Principal activities
		2019 %	2018 %	2017 %	
Direct Subsidiary Companies					
Khuan Choo Realty Sdn Bhd	Malaysia	100	100	100	Investment in property, investment holding, and provision of management services
Bukit Rimau Development Sdn Bhd	Malaysia	100	100	100	Property development
Domain Resources Sdn Bhd	Malaysia	100	100	100	Construction, project management, consultancy services and property trading
Domain Stable Construction Sdn Bhd	Malaysia	100	100	100	Property development
Pembinaan Gapadu Sdn Bhd	Malaysia	100	100	100	Property development
Regal Marvel Construction Sdn Bhd	Malaysia	100	100	100	Investment holding and provision of treasury and fund management services
Khuan Choo Property Management Sdn Bhd	Malaysia	100	100	100	Property development
Malton Development Sdn Bhd	Malaysia	100	100	100	Property development
Kumpulan Gapadu Sdn Bhd	Malaysia	100	100	100	Property development and investment holding
Layar Raya Sdn Bhd	Malaysia	100	100	100	Property development
Beijing Malton Investment Consultancy Ltd **	People’s Republic of China	100	100	100	Dormant
Malton Assets Limited **	British Virgin Islands	100	100	100	Dormant
Malton Asia Limited **	British Virgin Islands	100	100	100	Dormant
Ehsan Armada Sdn Bhd	Malaysia	100	100	100	Property development
Macorp Sdn Bhd	Malaysia	100	87	87	Investment holding
Memang Perkasa Sdn Bhd	Malaysia	51	51	51	Property development

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

The details of the subsidiary companies are as follows: (Cont'd)

Name	Country of incorporation	Proportion of ownership interest and voting power			Principal activities
		2019 %	2018 %	2017 %	
Indirect Subsidiary Companies (Held through Khuan Choo Realty Sdn Bhd)					
Asia-Condo Corporation Sdn Bhd	Malaysia	100	100	100	Property development and investment
Gapadu Development Sdn Bhd	Malaysia	100	100	100	Property development
Gapadu Harta Sdn Bhd	Malaysia	100	100	100	Property development
Khuan Choo Development Sdn Bhd	Malaysia	100	100	100	Property development
Horizontal Promenade Sdn Bhd	Malaysia	100	100	100	Property development
Rentak Sejati Sdn Bhd *	Malaysia	100	100	100	Property development
Silver Setup Sdn Bhd	Malaysia	100	100	100	Property development and investment holding
Khuan Choo Sdn Bhd *	Malaysia	100	100	100	Property trading
Melariang Sdn Bhd	Malaysia	100	100	100	Property development and investment holding
Amberstraits Sdn Bhd	Malaysia	100	100	100	Investment holding
Ambang Suriamas Sdn Bhd	Malaysia	100	100	100	Dormant
Indirect Subsidiary Companies (Held through Domain Resources Sdn Bhd)					
Domain Property Services Sdn Bhd	Malaysia	100	100	100	Property management services
Domain EPC Sdn Bhd	Malaysia	100	100	100	Project management
DMP Construction Sdn Bhd	Malaysia	100	100	100	Dormant
Domain Project Management Sdn Bhd	Malaysia	100	100	100	Dormant
Indirect Subsidiary Company (Held through Silver Setup Sdn Bhd)					
Silver Quest Development Sdn Bhd	Malaysia	100	100	100	Property development

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

The details of the subsidiary companies are as follows: (Cont'd)

Name	Country of incorporation	Proportion of ownership interest and voting power			Principal activities
		2019	2018	2017	
		%	%	%	
Indirect Subsidiary Company (Held through Melariang Sdn Bhd)					
Interpile (M) Sdn Bhd	Malaysia	100	100	100	Property development
Indirect Subsidiary Company (Held through Kumpulan Gapadu Sdn Bhd)					
Pioneer Haven Sdn Bhd	Malaysia	100	100	100	Property development
Indirect Subsidiary Company (Held through Amberstraits Sdn Bhd)					
Regal Path Sdn Bhd	Malaysia	100	100	100	Investment holding

* The financial statements of these subsidiary companies are audited by auditors other than the auditors of the Company.

** The financial statements of these subsidiary companies are audited for the purpose of consolidation.

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal Activity	Country of incorporation	Number of wholly-owned subsidiaries		
		2019	2018	2017
Property development	Malaysia	18	18	18
Construction contracts	Malaysia	3	3	3
Property trading	Malaysia	1	1	1
Investment holding	Malaysia	6	3	3
Dormant	Malaysia	3	5	4
	People’s Republic of China	1	1	1
	British Virgin Islands	2	2	2
Principal Activity	Country of incorporation	Number of non-wholly-owned subsidiaries		
		2019	2018	2017
Property development	Malaysia	1	1	1
Investment holding	Malaysia	0	1	1

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Details of non-wholly owned subsidiary companies that have material non-controlling interest are as follows:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			Loss allocated to non-controlling interests			Accumulated non-controlling interests (Note 27)		
		2019 %	2018 %	2017 %	2019 RM'000	2018 RM'000	2017 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Memang Perkasa Sdn Bhd ("MPSB")	Malaysia	49	49	49	(449)	(591)	(40)	132,343	135,322	179,418
Macorp Sdn Bhd ("MSB")	Malaysia	0	13	13	-	(242)	(66)	-	(155)	87
					(449)	(833)	(106)	132,343	135,167	179,505

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Summarised financial information in respect of each of the Group's subsidiary companies that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
MPSB			
Current assets	281,447	264,162	254,181
Current liabilities	(106,496)	(85,315)	(32,349)
Equity attributable to owners of the Company	42,608	43,525	42,414
Non-controlling interests	132,343	135,322	179,418
Selling and distribution expenses	(41)	(167)	(40)
Administration expenses	(876)	(1,041)	(41)
Loss before tax	(917)	(1,208)	(81)
Income tax expense	-	-	-
Loss for the year	(917)	(1,208)	(81)
MSB			
Current assets	2,756	1,328	569
Non-current assets	132,199	105,615	72,331
Current liabilities	(78,311)	(61,931)	(35,175)
Non-current liabilities	(36,507)	(38,854)	(29,475)
Equity attributable to owners of the Company	20,137	6,313	8,163
Non-controlling interests	-	(155)	87
Revenue	8	-	-
Other income	21,444	17	8
Administrative expenses	(848)	(480)	(109)
Finance costs	(5,373)	(1,395)	(408)
Profit/(Loss) before tax	15,231	(1,858)	(509)
Income tax expense	(1,133)	-	-
Profit/(Loss) for the year	14,098	(1,858)	(509)

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENT IN ASSOCIATED COMPANIES

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Unquoted shares, at cost	*	*	*
Share in post-acquisition reserves	-	-	2,232
	-	-	2,232

* The cost of investment is RM45 as of 30 June 2019, 30 June 2018, and 1 July 2017.

In 2018, the Group conducted a review of the recoverable amount of its investment in associated company in view of the negative equity position of the associated company and that the company is dormant. The review gave rise to the recognition of a net impairment loss of investment in associated company amounting to RM2,232,000. The recoverable amount was based on higher of the value-in-use and the fair value less costs to sell off the associated company.

The summarised management financial statements of the associated companies are as follows:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Assets and Liabilities			
Total assets	23,956	36,506	187,993
Total liabilities	(31,434)	(48,259)	(167,475)
Net (liabilities)/assets	(7,478)	(11,753)	20,518
Group's share of net assets of associated companies	-	-	2,232
Results			
Total revenue	-	-	5,000
Profit for the financial year	-	-	1,356
Group's share of loss for the financial year	-	-	(181)

The details of the associated companies are as follows:

Name	Country of incorporation	Proportion of ownership interest and voting power			Principal activities
		2019 %	2018 %	2017 %	
Indirect Associated Company (Held through Khuan Choo Sdn Bhd)					
Reliance Star Limited ^	British Virgin Islands	45	45	45	Investment holding

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. INVESTMENT IN ASSOCIATED COMPANIES (Cont'd)

The details of the associated companies are as follows: (Cont'd)

Name	Country of incorporation	Proportion of ownership interest and voting power			Principal activities
		2019 %	2018 %	2017 %	
Indirect Associated Company (Held through Reliance Star Limited)					
Perfect Express Global Ltd ^	British Virgin Islands	45	45	45	Investment holding
Indirect Associated Company (Held through Perfect Express Global Ltd)					
Inai Berkah Sdn Bhd *@	Malaysia	45	45	45	Investment holding
Indirect Associated Company (Held through Inai Berkah Sdn Bhd)					
Flora Bliss Property Development Sdn Bhd *@#	Malaysia	-	-	15	Wound up

* The financial statements of these associated companies are audited by auditors other than the auditors of the Company.

@ The financial year end of these associated companies is 31 December.

^ The financial statements of these associated companies are examined for the purpose of equity accounting.

Flora Bliss Property Development Sdn Bhd was wound up in 2018.

16 OTHER INVESTMENTS

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Transferable golf and country club memberships - at cost	245	245	245

NOTES TO THE FINANCIAL STATEMENTS

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17. DEFERRED TAX ASSETS/(LIABILITIES)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is an analysis of the deferred tax balances (after offset) for statements of financial position purposes:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Deferred tax assets	17,211	18,303	12,085
Deferred tax liabilities	(58,800)	(64,276)	(65,811)
	(41,589)	(45,973)	(53,726)

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
Deferred tax assets	462	462	462
Deferred tax liabilities	-	-	-
	462	462	462

The deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects on the following:

The Group 30.6.2019	At beginning of year RM'000	Recognised in profit or loss (Note 9) RM'000	At end of year RM'000
Deferred tax liabilities:			
Property development cost	(57,458)	(142)	(57,600)
Investment properties	(4,805)	2,167	(2,638)
Property, plant and equipment	(657)	(103)	(760)
	(62,920)	1,922	(60,998)
Deferred tax assets:			
Unused tax losses	5,688	1,809	7,497
Property development costs	8,470	560	9,030
Other payables and accrued expenses	884	1,049	1,933
Unabsorbed capital allowances	33	7	40
Others	1,872	(963)	909
	16,947	2,462	19,409
	(45,973)	4,384	(41,589)

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

17. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

	At beginning of year RM'000	Recognised in profit or loss (Note 9) RM'000	At end of year RM'000
30.6.2018 (Restated)			
Deferred tax liabilities:			
Property development cost	(60,961)	3,503	(57,458)
Investment properties	(4,800)	(5)	(4,805)
Property, plant and equipment	(838)	181	(657)
	(66,599)	3,679	(62,920)
Deferred tax assets:			
Unused tax losses	3,164	2,524	5,688
Property development cost	7,832	638	8,470
Other payables and accrued expenses	2,058	(1,174)	884
Unabsorbed capital allowances	(477)	510	33
Others	296	1,576	1,872
	12,873	4,074	16,947
	(53,726)	7,753	(45,973)

The Company

30.6.2019

Deferred tax liabilities:			
Property, plant and equipment	(71)	-	(71)
Deferred tax assets:			
Other payables and accrued expenses	533	-	533
	462	-	462

30.6.2018

Deferred tax liabilities:			
Property, plant and equipment	(71)	-	(71)
Deferred tax assets:			
Other payables and accrued expenses	533	-	533
	462	-	462

NOTES TO THE FINANCIAL STATEMENTS

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18. PROPERTY DEVELOPMENT COSTS

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)
At beginning of year:		
Freehold land – at cost	11,258	10,837
Freehold land – proprietor's entitlement	315,330	298,639
Long-term leasehold land – at cost	122,484	120,682
Long-term leasehold land – proprietor's entitlement	675,808	667,235
Development expenditure	1,037,676	729,409
	2,162,556	1,826,802
Additions during the year:		
Freehold land – at cost	9	4
Freehold land – proprietor's entitlement	245,341	15,850
Long-term leasehold land – proprietor's entitlement	(2,510)	21,895
Development expenditure	539,776	446,352
	782,616	484,101
Transfer (to)/from land held for property development (Note 13):		
Freehold land - at cost	-	11,443
Long-term leasehold land – at cost	(99,800)	-
Development expenditure	(58,504)	49,399
	(158,304)	60,842
Cumulative costs realisable as an expense in profit or loss:		
Previous years	(504,008)	(372,769)
Current year (Note 6)	(430,279)	(319,355)
Closed out due to completion of projects	97,965	188,116
	(836,322)	(504,008)
Costs closed out during the year due to completion of projects	(97,965)	(188,116)
Provision for foreseeable losses		
Previous years	(3,250)	(1,539)
Current year (Note 6)	2,053	(1,711)
	(1,197)	(3,250)
Property development costs written off (Note 8)	(17)	(305)
Transfer to inventories	(55,297)	(20,768)
At end of year	1,796,070	1,655,298

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. PROPERTY DEVELOPMENT COSTS (Cont'd)

(a) Included in current additions to development expenditure are the following:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)
Interest expense on (Note 7):		
Term loans/Bridging loans	1,770	632

- (b) The title deeds in respect of the freehold and long-term leasehold land – proprietor's entitlement are not registered under the subsidiary companies' names as these title deeds will be transferred directly to purchasers upon sale of the properties.
- (c) In 2017, the long-term leasehold land under property development of the Group amounting to RM24,805,000 was charged to the trustee as mentioned in Note 28. The Company has fully redeemed and converted the RCSLS in 2017, accordingly, the said property was discharged from the trustee.
- (d) Certain freehold land, long-term leasehold land, freehold land – proprietor's entitlement and long-term leasehold land – proprietor's entitlement of the Group under property development amounting to RM5,022,000 (2018:RM4,892,000; 2017:RM18,330,000), RM29,062,000 (2018: RM176,340,000; 2017: RM28,692,000), RM729,268,000 (2018:RM501,894,000; 2017:RM989,401,000) and RM361,961,000 (2018: RM271,949,000; 2017:RM309,761,000), respectively are charged to licensed banks for credit facilities granted to the Group as mentioned in Note 30.
- (e) Pursuant to the Joint Venture Agreement ("JVA") dated 7 April 2014, Yayasan Wilayah Persekutuan ("Yayasan WP"), a third party, was required to deliver vacant possession of a parcel of long-term leasehold land to Memang Perkasa Sdn Bhd ("MPSB"), a 51% owned subsidiary company, for development. All the development costs shall be borne by MPSB. MPSB is entitled to the gross development value of the development less Yayasan WP's entitlement of RM160,000,000 in accordance with the terms of JVA.

Included in property development costs arising from acquisition of subsidiary company is long-term leasehold land proprietor's entitlement amounting to RM160,000,000 (2018: RM160,000,000; 2017: RM160,000,000), of which RM68,200,000 (2018: RM73,200,000; 2017: RM93,200,000) (Note 32(b)) is payable to Yayasan WP upon the fulfilment of conditions precedent pursuant to the JVA.

In 2018, Perbadanan Pengurusan Trellises and 9 Others ("the Applicants") had filed a Judicial Review against Datuk Bandar Kuala Lumpur and Dewan Bandaraya Kuala Lumpur, Yayasan Wilayah Persekutuan and MPSB, a wholly owned subsidiary company of the Company, for the following orders:

- An Order of Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant a conditional planning approval dated 28 February 2017 for the proposed development on the Land;
- An Order for Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant a Development Order dated 13 July 2017 in relation to the proposed development mentioned in paragraph (i) above; and
- An Order on Mandamus for Datuk Bandar Kuala Lumpur to adopt the draft Kuala Lumpur local plan 2020 and to publish the said adoption in the gazette pursuant to Section 16 of the Federal Territory (Planning Act) 1982.

On 28 November 2018, the Judge has denied the Applicants' Judicial Review proceeding to quash the development order. Subsequent to this, the Applicants filed a notice of appeal with the Court of Appeal on 13 December 2018. The hearing of the Court of Appeal that was scheduled on 10 September 2019 has been postponed to 22 November 2019. Barring unforeseen circumstances and based on the opinion of the legal counsel, the management is of the opinion that MPSB has a strong defence of the Judicial Review.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. PROPERTY DEVELOPMENT COSTS (Cont'd)

- (f) Pursuant to the Joint Development Agreement ("JDA") dated 16 March 2010, and the Supplemental Agreement dated 3 July 2012 ("SA"), Bukit Jalil Development Sdn Bhd ("BJDSB"), a third party, was required to deliver vacant possession of a parcel of freehold land measuring approximately 50 acres to Pioneer Haven Sdn Bhd ("PHSB"), a wholly-owned subsidiary company, for development. All the development costs shall be borne by PHSB. PHSB is entitled to 82% of the gross development value of the development, whereas BJDSB is entitled to 18% of the gross development value of the development provided that the total entitlement of BJDSB should not be lesser than RM220,000,000 in accordance with the terms of the JDA and the SA.

Included in property development costs is freehold land proprietor's entitlement amounting to RM560,671,000 (2018: RM315,330,000; 2017: RM298,639,000), of which RM405,390,000 (2018: RM253,358,000; 2017: RM274,778,000) (Note 32(c)) is payable to BJDSB, a third party. The directors have recognised the said proprietor's entitlement progressively in respect of the completed developments and on-going development projects, pursuant to the JDA and the SA.

During the financial year, proceeds from sale of completed properties of the Group to BJDSB totalling RM13,061,000 (2018: RM13,450,000; 2017: RM34,011,000), represents partial settlement in respect of the proprietor's entitlement payable to BJDSB.

- (g) Pursuant to the Joint Venture Agreement ("JVA") dated 3 January 2012, Gagasan Matrik Sdn Bhd ("GMSB"), a third party, was required to deliver vacant possession of a parcel of long-term leasehold land to Kumpulan Gapadu Sdn Bhd ("KGSB"), a wholly-owned subsidiary company, for development. All the development costs shall be borne by KGSB. KGSB is entitled to the gross development value of the development less GMSB's entitlement of RM102,000,000 in accordance with the terms of the JVA.

Included in property development costs is long-term leasehold land proprietor's entitlement amounting to RM102,000,000, (2018: RM102,000,000; 2017: RM102,000,000), of which RM5,372,000 (2018: RM5,372,000; 2017: RM5,372,000) (Note 32(b)) is payable to GMSB, a third party.

- (h) In 2012, Malton Development Sdn Bhd ("MDSB"), a wholly-owned subsidiary company, entered into a Joint Venture Agreement ("JVA") with Virtue Court Sdn Bhd ("VCSB"), a third party. Pursuant to the JVA and a Supplemental Agreement dated 5 May 2014 ("SA"), VCSB is required to deliver vacant possession of a parcel of a long-term leasehold land measuring approximately 19,859 square meters to MDSB for development. All the development costs shall be borne by MDSB. MDSB is entitled to the gross development value of the development less VCSB's entitlement of RM74,800,000 in accordance with the terms of the JVA and the SA.

Included in property development costs is long-term leasehold land proprietor's entitlement amounting to RM74,800,000, (2018: RM74,800,000; 2017: RM74,800,000) of which RM226,000 (2018: RM226,000; 2017: RM226,000) (Note 32(b)) is payable to VCSB.

- (i) In 2003, Ehsan Armada Sdn Bhd ("EASB"), a wholly-owned subsidiary company entered into a Joint Development Agreement ("JDA") with Darul Omni Sdn Bhd ("DOSB"), a third party. Pursuant to the JDA and the Supplemental Letter dated 8 December 2010 ("SL"), DOSB was required to deliver vacant possession of a parcel of leasehold land measuring approximately 83 acres to EASB for development. All the development costs shall be borne by EASB. EASB is entitled to 80.5% of the gross development value of the development, whereas DOSB is entitled to 19.5% of the gross development value of the development. Pursuant to the Supplemental Letter dated 27 August 2018 ("SL"), there is a revision of the entitlement to 3.2% of the gross development value of the development for the balance commercial development land.

Included in property development costs is long-term leasehold land proprietor's entitlement amounting to RM12,549,000 (2018: RM15,059,000; 2017: RM15,012,000).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. PROPERTY DEVELOPMENT COSTS (Cont'd)

- (j) In 2010, Asia-Condo Corporation Sdn Bhd ("ACCSB"), a wholly-owned subsidiary company entered into a Joint Venture Agreement ("JVA") with Tekad Harapan Sdn Bhd ("THSB"), a third party. THSB is required to deliver vacant possession of a parcel of long-term leasehold land to ACCSB for development. All the development costs shall be borne by ACCSB. ACCSB is entitled to the gross development value of the development less THSB's entitlement in accordance with the terms of the JVA. THSB is entitled to 20% of the gross development value of the development and 35% of profit after tax of the entire development project.

Included in property development costs is long-term leasehold land proprietor's entitlement amounting to RM66,312,000 (2018: RM66,312,000; 2017: RM76,542,000).

19. INVENTORIES

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000
Completed properties	143,379	116,742	86,018
Commercial land	9,000	9,000	9,000
Bungalow land	-	-	2,597
	152,379	125,742	97,615

In 2018, inventories amounting to RM24,225,000 were transferred from a third party to Domain Resources Sdn Bhd ("DRSB"), a subsidiary company, in respect of debt settlement between a third party and DRSB.

The Group recognised an expense of RM2,033,000 (2018: RMNil) (Note 8) in respect of inventories written down to its net realisable value.

Included in inventories are completed properties with cost amounting to RM19,385,000 (2018: RM44,702,000; 2017: RM26,278,000) charged to licensed banks for credit facilities granted to the Group as mentioned in Note 30.

Included in inventories are completed properties and commercial land with cost amounting to RM39,395,000 (2018: RM33,066,000; 2017: RM37,607,000) charged to licensed banks for credit facilities granted to certain subsidiary companies as mentioned in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables comprise mainly amounts receivable from customers for construction works carried out, project management services provided and sales of properties developed by the Group. The credit period granted to customers generally ranges from 7 to 90 days (2018: 7 to 90 days) unless otherwise agreed under contractual obligations.

Trade receivables are as follows:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Trade receivables	87,253	131,325	128,904
Less: Allowance for impairment loss	(15,423)	-	-
	71,830	131,325	128,904
Retention sum held by contract customers	56,228	55,895	31,969
Stakeholder sum held by solicitors	5,126	6,486	6,292
	133,184	193,706	167,165

The Group recognised an expense of RM11,237,000 (2018: RMNil) (Note 8) in respect of bad debts written off.

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
Trade receivables	-	112	74

Retention sum held by contract customers and stakeholder sum held by solicitors are due upon expiry of retention periods ranging from 6 to 24 months (2018: 6 to 24 months).

Trade receivables that are past due but not impaired are mainly related to the progress billings to be settled by the purchasers or the purchasers' end financiers. However, these debts are expected to be realised in full without material losses in the ordinary course of business as majority of the customers are with financing facilities obtained from reputable end-financiers.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Group recognises impairment losses based on expected credit losses ("ECL") model using the simplified approach, which measures the impairment losses at an amount equal to lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (Cont'd)

Movement in the allowance for impairment loss

	30.6.2019 RM'000	The Group 30.6.2018 RM'000
At beginning of year	-	-
Impairment loss recognised (Note 8)	15,423	-
At end of year	15,423	-

Ageing of past due but not impaired

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Past due more than 1 month	2,239	8,342	8,095
Past due 1 to 2 months	386	7,928	4,870
Past due more than 2 months	33,915	41,170	24,443
Total	36,540	57,440	37,408

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
Past due more than 1 month	-	-	-
Past due 1 to 2 months	-	76	-
Past due more than 2 months	-	-	74
Total	-	76	74

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (Cont'd)

Other receivables and prepaid expenses consist of:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Other receivables (Notes (a), (b), (c) and (d))	58,011	74,903	325,238
Less: Allowance for impairment loss	(3,785)	-	(3,095)
	54,226	74,903	322,143
Advance to an indirect associated company (Note (e))	28,984	28,984	19,245
Deposits	10,673	13,365	11,209
Prepaid expenses	3,325	97	204
	97,208	117,349	352,801

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
Other receivables	987	334	479
Deposits	145	419	117
Prepaid expenses	6	1	47
	1,138	754	643

Movement in the allowance for impairment loss

	30.6.2019 RM'000	The Group 30.6.2018 RM'000
At beginning of year	-	3,095
Impairment loss recognised (Note 8)	3,785	-
Reversal of impairment loss (Note 8)	-	(3,095)
At end of year	3,785	-

(a) In 2006, Malton Development Sdn Bhd ("MDSB"), a wholly-owned subsidiary company, entered into joint venture development agreements ("JVDA") with various third parties ("JV Partners"). Pursuant to the JVDA, the JV Partners were required to deliver vacant possession of the leasehold land ("the Land") to MDSB for development. All the development costs would be borne by MDSB and MDSB was entitled to the entire proceeds from the development. In consideration for the Land delivered, the JV Partners were entitled to a fixed sum of RM25,000,000 paid by MDSB in accordance with the terms of the JVDA.

In 2010, MDSB and the JV Partners entered into a deed of assignment with a third party, to assign the development rights of a portion of the Land to the said third party for a total consideration of RM10. Pursuant to the deed of assignment, a portion of the said Land amounting to RM8,000,000 was recoverable from the said third party in 2014 upon receipt of proceeds from the sale of the completed properties developed by the said third party.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (Cont'd)

In 2011, MDSB and the JV Partners entered into another deed of assignment with the said third party, to assign the development rights of the balance portion of the Land to the said third party for a total consideration of RM10. Pursuant to the deed of assignment, the balance of the said Land amounting to RM17,000,000 (2018: RM17,000,000; 2017: RM17,000,000) is recoverable from the said third party immediately upon receipt of proceeds from the sale of the completed properties developed by the said third party. As of 30 June 2019, the amount receivable from the said third party is RM16,030,000 (2018: RM16,030,000; 2017: RM12,935,000), net of allowance for impairment loss amounting to RMNil (2018: RMNil; 2017: RM3,095,000).

- (b) Included in other receivables of the Group is an amount of RM13,802,548 (2018: RM13,398,415; 2017: RM11,051,000), which represents deposits and advances made by Domain Resources Sdn Bhd ("DRSB"), a wholly-owned subsidiary company, to Acres and Hectares Development Sdn Bhd ("A&H"), a third party, pursuant to Joint Development Agreement dated 9 December 2014. A&H appointed DRSB as the Project Development Manager for a project known as Taman Perumahan Yayasan Islam Kelantan ("Project"). Advances to A&H is interest-free, unsecured and repayable on demand.

Pursuant to the letter of appointment, DRSB is required to carry out and perform works on behalf of A&H. In consideration for DRSB agreeing to be appointed as the Project Development Manager in accordance with the scope of works, DRSB shall be entitled to a remuneration of a sum equivalent to 70% of the profit before taxation derived from the Project, after taking into account all development costs relating to the Project but before taking into account DRSB's remuneration.

- (c) In 2017, included in other receivables of the Group was an amount of RM228,488,000 which represented advances made by Silver Setup Sdn Bhd ("SSSB"), an indirect wholly-owned subsidiary company, to Batu Kawan Development Sdn Bhd ("BKDSB"), a third party, pursuant to Joint Development Agreements ("JDA") dated 10 October 2012, for the proposed joint development of a piece of long-term leasehold land situated at Batu Kawan, Mukim 13, Seberang Perai Selatan, Pulau Pinang, measuring approximately 300 acres.

On 28 June 2016, BKDSB had decided to sell the long-term leasehold land to a third party. Simultaneously, SSSB had entered into a Revocation and Rescission Agreement ("RRA") with BKDSB and Eco Horizon Sdn Bhd ("EHSB"), a third party.

Subject to the conditions under the RRA, BKDSB and SSSB had mutually agreed to revoke and rescind the JDA with effect from the date falling the last of the following events:

- (i) full payment of the revocation sum amounting to RM50,000,000 to SSSB;
- (ii) full settlement of the loan obtained by SSSB to finance the development project; and
- (iii) full settlement of all outstanding advances made by SSSB to BKDSB under the JDA.

In 2017, included in other receivables of Group, is an amount of RM19,977,000 incurred in respect of the said property development was written off against the revocation sum received upon the completion of RRA.

The RRA was completed on 14 September 2017, and accordingly, SSSB has received the full settlement sum and a gain on the settlement of RRA amounting to RM30,023,000 was recognised (Note 8).

- (d) In 2017, included in other receivables of the Group was an amount of RM17,472,000, representing accumulated interest charges to Bukit Jalil Development Sdn Bhd ("BJDSB"), a third party, by Pioneer Haven Sdn Bhd ("PHSB"), a wholly-owned subsidiary company, pursuant to the Joint Development Agreement ("JDA") dated 16 March 2010 and the Supplemental Agreement dated 3 July 2012 ("SA").
- (e) Advance to an indirect associated company amounting to RM25,199,000 (2018: RM28,984,000; 2017: RM19,245,000) net of allowance for impairment loss amounting to RM3,785,000 (2018: RMNil; 2017: RMNil) is interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

21. CONTRACT ASSETS/(LIABILITIES)

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Contract assets:			
Property development	216,678	58,134	180,040
Construction	44,710	24,385	4,330
	261,388	82,519	184,370
Contract cost:			
Property development			
Sales commission and agency fee	23,409	15,020	9,774
Construction			
Staff costs	14,084	13,080	12,278
Rental of equipment	7,782	5,461	5,946
Total	306,663	116,080	212,368
Contract liabilities:			
Property development	8,702	260	8,466
Construction	161	6,950	9,996
	8,863	7,210	18,462

Staff costs included in current additions of construction include salaries, contributions to Employees Provident Fund ("EPF") and all other staff related expenses. Contributions to EPF by the Group during the year amounted to RM1,555,363 (2018: RM1,457,572; 2017: RM1,400,000).

(a) Contract assets and contract liabilities from property development:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)
Contract assets	216,678	58,134
Contract liabilities	(8,702)	(260)
Net	207,976	57,874
At beginning of the year	57,874	171,574
Consideration paid/payable to customers	58,482	67,784
Revenue recognised during the year (Note 5)	541,215	388,638
Progress billing during the year	(449,595)	(570,122)
At end of the year	207,976	57,874

Revenue from property development activities is recognised over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

21. CONTRACT ASSETS/(LIABILITIES) (Cont'd)

(a) Contract assets and contract liabilities from property development: (Cont'd)

The transaction price allocated to the unsatisfied performance obligations as at 30 June 2019 is RM922,447,000. The remaining performance obligations are expected to be recognised as below:

	The Group 30.6.2019 RM'000
Within 1 year	490,193
Between 1 to 4 years	432,254
Net	922,447

(b) Contract assets and contract liabilities from construction:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)
Contract assets	44,710	24,385
Contract liabilities	(161)	(6,950)
Net	44,549	17,435
At beginning of the year	17,435	(5,666)
Revenue recognised during the year (Note 5)	392,304	382,152
Progress billing during the year	(365,190)	(359,051)
At end of the year	44,549	17,435

The construction revenue is recognised progressively based on the actual cost incurred to date on the construction projects as compared to the total budgeted cost for the respective projects.

In adopting MFRS 15 retrospectively, the Group has applied certain expedients including not restating contracts that have been completed at the beginning of earliest year presented in these financial statements which is 1 July 2017, and not disclosing the transaction price allocated to remaining unsatisfied performance obligation prior to the date of initial application on 1 July 2018.

(c) Contract cost:

The above cost to obtain contracts are amortised to cost of sales when the related revenues are recognised.

22. RELATED PARTY TRANSACTIONS AND BALANCES

Amount owing by subsidiary companies, comprising mainly unsecured advances and payments made on behalf, is repayable on demand and bears interest ranged at 5.75% to 6.00% (2018: 6.00%) per annum except for management fees receivable, which is interest-free.

Amount owing to subsidiary companies, which arose mainly from unsecured advances and payments made on behalf, is interest-free and repayable on demand.

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22. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

The related parties of the Company and subsidiary companies and its relationship are as follows:

Related Parties	Relationship
Pavilion REIT ("REIT")	A real estate investment trust in which certain directors of the Company, namely Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong are directors of the manager of the REIT and have direct financial interests.
Impian Ekspresi Sdn Bhd	A company in which a director of the Company, namely Tan Sri Lim Siew Choon has indirect financial interest.
Harmoni Perkasa Sdn Bhd	A company in which a director of the Company, namely Tan Sri Lim Siew Choon has indirect financial interest.
Jendela Mayang Sdn Bhd	A company in which a director of the Company, namely Tan Sri Lim Siew Choon has direct financial interest.
SECG Bina Sdn Bhd	A company in which a director of the Company, namely Tan Sri Lim Siew Choon is related to its director/shareholder.
Dream Domain Sdn Bhd	A company in which a director of the Company, namely Chua Thian Teck has direct financial interest.
Kuala Lumpur Pavilion Sdn Bhd	A company in which certain directors of the Company, namely Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong are directors and have direct financial interest.

During the financial year, significant related party transactions, which are carried out on negotiated basis are as follows:

	The Company	
	2019	2018
	RM'000	RM'000
With subsidiary companies:		
Dividends received/receivable (Note 5)	5,700	9,880
Management fee received/receivable (Note 5)	17,832	21,888
Interest income received/receivable (Note 8)	8,458	7,712
Accounting fees paid/payable	96	96
Novation of bank borrowings (Note 30)	30,000	-

	The Group	
	2019	2018
	RM'000	RM'000
With related parties:		
Impian Ekspresi Sdn Bhd		
Progress billing receivable	180,256	170,639
Harmoni Perkasa Sdn Bhd		
Progress billing receivable	91,896	47,611
Jendela Mayang Sdn Bhd		
Progress billing receivable	5,295	-
Pavilion REIT		
Rental of premises paid/payable	3,772	3,071
SECG Bina Sdn Bhd		
Progress billing receivable	3,802	-
Dream Domain Sdn Bhd		
Rental of premises paid/payable	192	112
Rental of permises paid to Mr. Lim Siew Fai	176	192
Kuala Lumpur Pavilion Sdn Bhd		
Property management fee	62	-
Sale of properties to certain directors and family members of certain directors of the Company	5,877	3,976

NOTES TO THE FINANCIAL STATEMENTS

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22. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

	The Company	
	2019	2018
	RM'000	RM'000
With related parties:		
Pavilion REIT		
Rental of premises paid/payable	363	300

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include Executive Directors of the Company and certain members of senior management of the Group and of the Company.

The remuneration of key management personnel during the year are as follows:

	The Group	
	2019	2018
	RM'000	RM'000
Short-term employee benefits	8,030	6,470
Defined contribution plans	683	688
	8,713	7,158

	The Company	
	2019	2018
	RM'000	RM'000
Short-term employee benefits	4,908	5,033
Defined contribution plans	527	543
	5,435	5,576

The estimated monetary value of benefits-in-kind received and receivable by the key management personnel otherwise than in cash from the Group and from the Company during the financial year amounted to RM229,000 and RM195,000 (2018: RM233,000 and RM198,000), respectively.

Included in the remuneration of key management personnel is the remuneration of directors of the Company as disclosed in Note 8(c).

23. SHORT-TERM FUNDS

	30.6.2019	The Group 30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
At fair value through other profit or loss			
Investments in unit trust funds in Malaysia	473	1,508	1,530

NOTES TO THE FINANCIAL STATEMENTS

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23. SHORT-TERM FUNDS (Cont'd)

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
At fair value through other profit or loss			
Investments in unit trust funds in Malaysia	473	1,461	1,427

24. CASH AND BANK BALANCES

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Cash and bank balances	33,680	108,354	45,498
Housing Development Accounts	47,346	14,403	27,535
	81,026	122,757	73,033

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
Cash and bank balances	683	11,416	586

The Housing Development Accounts are maintained by the Group in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from house purchasers, are for the payments of property development expenditure incurred and are restricted from use in other operations. The surplus monies, if any, will be released to the Group upon completion of the property development projects and after all property development expenditure have been fully settled.

Included in cash and bank balances of the Group is an amount of RMNil (2018: RM2,070,000; 2017: RM25,180,000) under Retail Shops Proceed Account and is restricted from use in other operations.

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25. SHARE CAPITAL

	30.6.2019		The Group and the Company 30.6.2018		1.7.2017	
	No. of shares ('000)	RM'000	No. of shares ('000)	RM'000	No. of shares ('000)	RM'000
Issued and fully paid-up:						
Ordinary shares						
At beginning of year	528,141	528,552	527,777	528,176	448,416	448,416
Issuance of shares:						
Conversion of RCSLS (Note 28)	-	-	-	-	68,490	68,490
Employees' Share Option Scheme ("ESOS")	-	-	364	376	10,871	11,264
Transfer arising from "no par- value" regime	-	-	-	-	-	6
At end of year	528,141	528,552	528,141	528,552	527,777	528,176

During the financial year, the issued and paid-up share capital of the Company was increased from RM528,552,432 to RM528,552,632 pursuant to the exercise of warrant. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

In 2018, the issued and paid-up share capital of the Company was increased from RM528,176,445 to RM528,552,432 pursuant to the exercise of ESOS. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The new Companies Act, 2016, which came into operation on 31 January 2017, introduces the "no-par-value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provisions of the Act, the amount standing to the credit of the Company's share premium account has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.

However, the Company has a period of 24 months from the effective date of the Act to use the existing balance credited in the share premium account in a manner as specified by the Act.

Share Options

The Employees' Share Option Scheme ("ESOS") which was established on 20 April 2016 for the benefit of eligible employees and directors of the Group will expire on 19 April 2021.

The number and movements in the Company's ESOS options are as follows:

	Number of options over ordinary shares		
	30.6.2019 Unit'000	30.6.2018 Unit'000	1.7.2017 Unit'000
At beginning of year	4,881	5,245	-
Granted	-	-	16,116
Exercised	-	(364)	(10,871)
At end of year	4,881	4,881	5,245

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

25. SHARE CAPITAL (Cont'd)

Share Options (Cont'd)

The salient features of the ESOS are as follows:

- (a) The total number of shares which may be made available shall not exceed 15% of the issued and paid-up share capital of the Company at the time of offer of the ESOS.
- (b) The ESOS shall be in force for a duration of five years with effect from 20 April 2016 and may be further extended for such durations, subject to an aggregate duration of not more than ten years from the effective date of the ESOS.
- (c) All employees, including directors, who are confirmed full-time employees of the Group and have been serving for at least one year within the Group are eligible.
- (d) Any allocation of options under the ESOS shall require prior approval from the ESOS committee.
- (e) No option shall be granted for less than 100 shares or more than the maximum allowable allotment as follows:
 - (i) the number of options allocated, in aggregate, to the directors and senior management of the Group shall not exceed 70% of the total options available under the ESOS; and
 - (ii) number of options allocated to any individual director or executive who, either singly or collectively through his/her associates, holding 20% or more in the issued and paid-up share capital of the Company shall not exceed 10% of the total options available under the ESOS.
- (f) The option price shall be at a discount of not more than 10% from the weighted average market price of the Company as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five market days immediately preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher.
- (g) There is no retention period imposed on the shares arising from the exercise of ESOS options except for the non-executive directors which has a retention period of 1 year.
- (h) The ESOS Committee may at any time and from time to time, during the duration of the ESOS and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier in the discretion think fit.

Warrants

The Warrants are constituted by the Deed Poll dated 27 May 2011 ("Deed Poll").

Salient features of the Warrants are as follows:

- (a) Each Warrant entitles the registered holder thereof ("Warrant holders") to subscribe for one (1) new ordinary share in the Company at the exercise price of RM1.00 during the 7-year period expiring on 30 June 2018 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;
- (b) At the expiry of the Exercise Period, any Warrant which has not been exercised shall automatically lapse and cease to be valid for any purpose;

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

25. SHARE CAPITAL (Cont'd)

Warrants (Cont'd)

(c) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and new shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, except that they shall not be entitled to any dividend, right, allotments and/or other distributions declared by the Company, which entitlement date thereof precedes the allotment date of the new shares allotted pursuant to the exercise of the Warrants; and

(d) The Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

Movement in the Warrants during the financial year is as follows:

	Number of Warrants		
	30.6.2019 Unit'000	30.6.2018 Unit'000	1.7.2017 Unit'000
At beginning of year	-	139,301	139,301
Lapsed during the year	-	(139,301)	-
At end of year	-	-	139,301

In 2018, 200 warrants were exercised and new shares are allocated and issued in the current year.

26. RESERVES

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Non-distributable:			
Available-for-sale reserve	-	46	51
Revaluation reserve	2,065	2,065	2,065
Option reserve	1,153	1,153	1,238
Warrant reserve	-	-	20,546
Distributable:			
Retained earnings	392,328	376,506	332,850
Total	395,546	379,770	356,750

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
Non-distributable:			
Available-for-sale reserve	-	70	75
Option reserve	1,153	1,153	1,238
Warrant reserve	-	-	20,546
Distributable:			
Retained earnings	12,005	17,517	16,119
Total	13,158	18,740	37,978

NOTES TO THE FINANCIAL STATEMENTS

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26. RESERVES (Cont'd)

Available-for-sale reserve

Available-for-sale reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired. As disclosed in Note 40, at initial application of MFRS 9, the Group and the Company have classified these investments at FVTPL and therefore the cumulative available-for-sale reserve as at 1 July 2018, have been transferred to retained earnings.

Revaluation reserve

Revaluation reserve represents the increase in the fair value of long-term leasehold properties prior to its reclassification as investment properties.

Option reserve

Option reserve, which relates to the equity-settled share options granted to eligible employees by the Group and the Company, is made up of the cumulative value of services received from employees recorded on grant of the share options. When the grant is exercised, the amount from the option reserve is transferred to share capital. When the share grants expire, the amount from the option reserve is transferred to retained earnings.

Warrant reserve

Warrant reserve relates to the fair value of warrants in relation to the issuance of redeemable convertible secured loan stocks ("RCSLS"). RCSLS has been fully redeemed and converted in 2017.

Retained earnings

As of 30 June 2019, the entire retained earnings of the Company are available for distribution as single-tier dividends.

27. NON-CONTROLLING INTERESTS

Included in non-controlling interests is 23,830,000 (2018: 24,290,000; 2017: 32,200,000) Redeemable Preference Shares ("RPS") issued by Memang Perkasa Sdn Bhd ("MPSB"), a subsidiary company, which is held by Tegap Dinamik Sdn Bhd ("TDSB"), a third party, amounting to RM131,065,000 (2018: RM133,595,000; 2017: RM177,100,000).

During the financial year, the Group redeemed 460,000 (2018: 7,910,000; 2017: 1,800,000) RPS of a subsidiary company, which was held by TDSB, for a total redemption price of RM2,530,000 (2018: RM43,505,000; 2017: RM9,900,000).

The RPS shall confer on the holder the following rights:

- (a) The RPS shall not be entitled to receive any fixed dividend;
- (b) The RPS shall not be mandatorily redeemed on the maturity date, which is 3 December 2025;
- (c) Unless redeemed earlier, RPS shall, on the maturity date, be automatically converted into new ordinary shares at conversion ratio fixed at 100 RPS surrendered for cancellation for every one new ordinary share of RM1.00 each;
- (d) The RPS shall rank in priority to the ordinary shares of MPSB but rank behind all secured and unsecured obligations of MPSB; and
- (e) The RPS is redeemable at the option of the issuer at any time after the issued date and during the tenure of the RPS.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS")

On 1 July 2011, the Company had completed the issuance of RM139,341,169 nominal value 7-year 6% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value together with 139,341,169 Warrants and 69,670,584 Bonus Shares.

The salient features of the RCSLS were as follows:

- (a) Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem all outstanding RCSLS at 100% of the nominal value of the RCSLS at the end of the seventh anniversary from the date of issuance of the RCSLS.
- (b) The coupon payment is payable in arrears on a quarterly basis and is computed based on the nominal value of the RCSLS at a rate of 6% per annum.
- (c) Each registered holder of RCSLS shall have the right at any time, after the issuance of RCSLS until the seventh anniversary from the date of issuance, to convert such nominal value of RCSLS held into fully-paid ordinary shares. The conversion price of RCSLS shall be fixed at RM1.00 by surrendering for cancellation, RM1.00 nominal value of RCSLS for one (1) new ordinary share of the Company.
- (d) The RCSLS holders are not entitled to participate in any distribution or offer of securities of the Company until and unless such RCSLS holders convert the RCSLS into ordinary shares of the Company.
- (e) Upon conversion of the RCSLS into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of the Company in issue at the time of conversion except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new ordinary shares to be issued pursuant to the conversion of the RCSLS.
- (f) Redemption shall be made annually with the first book closing date being the day before the third anniversary of the date of issuance of the RCSLS.

RCSLS will be redeemed by the Company in accordance to the following redemption schedule:

End of year	% of issue size redeemed
1	-
2	-
3	10
4	15
5	20
6	25
7	30

- (g) The Company may make an early redemption of the RCSLS in whole or in part at any time after one year from the date of issuance of the RCSLS. The early redemption will be based on the nominal value of the RCSLS plus the accrued interest up to the early redemption date.
- (h) The Company may redeem any of the property/land charged in favour of the RCSLS any time after the issuance of the RCSLS in accordance with the provisions of the Trust Deed.
- (i) The RCSLS was secured by a legal charge over investment properties, land held for property development and property development of the Group as mentioned in Notes 12, 13 and 18, respectively.

In 2017, the Company has fully redeemed and converted the RCSLS and these properties were discharged from the trustee.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS")

The liability component of the RCSLS was recognised in the statements of financial position as follows:

	The Group and the Company		
	30.6.2019	30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
At beginning of year	-	-	93,681
Imputed interest expense	-	-	4,457
Interest paid during the year	-	-	(1,886)
Conversion during the year	-	-	(68,490)
Redemption during the year	-	-	(27,762)
At end of year	-	-	-

29. REDEEMABLE PREFERENCE SHARES

	30.6.2019	The Group 30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
3,000,000 redeemable preference shares of RM1 each	3,000	3,000	3,000

On 5 September 2013, Pioneer Haven Sdn Bhd ("PHSB"), an indirect wholly-owned subsidiary company, had entered into Subscription Agreement with a third party, to issue 3,000,000 redeemable preference shares ("RPS").

The salient features of the redeemable preference shares are as follows:

- The RPS shall not bear any fixed dividend. No dividend shall be declared and paid on the ordinary shares of PHSB unless the dividends on the RPS have been declared and paid on the basis that the dividend payable on each RPS shall not be lesser than the dividend payable on the ordinary shares for any of the financial year.
- The RPS shall rank behind all secured and unsecured obligations of PHSB but will rank in priority to the ordinary shares of PHSB in respect of return of capital upon liquidation or otherwise for the par value of the RPS. All RPS rank pari passu amongst one another.
- The total issued and paid up preference share capital shall always represent 30% of the total share capital of PHSB.
- Each RPS entitles the holder to participate in any distributions of PHSB (including surplus assets and profits) on the basis that such distribution accrued to/payable on each RPS shall not be lesser than the distributions declared and/or payable in respect of each ordinary share.
- Each RPS entitles the holder to participate in any further preference shares issued/offered by PHSB.
- The registered holder of the RPS shall not have any right to vote at any general meeting of PHSB, unless the meeting was converted for the purpose of reducing the capital, or winding-up or where the proposition to be submitted to the meeting directly affects the rights and privileges of the holder of RPS.
- The RPS shall not be convertible into ordinary shares of PHSB.
- The RPS may be redeemable wholly in cash at the option of PHSB or the subscriber, upon full completion of the mixed development project undertaken by PHSB and full disposal of all saleable development units of the said project. Partial redemption is not permissible.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

30. BANK BORROWINGS

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Secured:			
Long-term loans	253,582	241,210	336,246
Bank overdrafts (Note 34)	21,015	21,345	28,055
Revolving credits	335,934	222,607	169,864
Trade facilities	45,925	35,024	13,285
Bridging loans	45,830	10,000	44,563
	702,286	530,186	592,013
Less: Amount due within next 12 months (included under current liabilities)	(578,273)	(422,617)	(484,640)
Non-current portion	124,013	107,569	107,373

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'00
Secured:			
Bank overdrafts (Note 34)	4,958	4,958	4,964
Revolving credits	100,000	120,000	62,000
	104,958	124,958	66,964
Less: Amount due within next 12 months (included under current liabilities)	(104,958)	(124,958)	(66,964)
Non-current portion	-	-	-

The non-current portion is repayable as follows:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Between 1 - 2 years	38,621	53,550	38,368
Between 2 - 5 years	85,392	52,186	49,189
More than 5 years	-	1,833	19,816
	124,013	107,569	107,373

During the year, the Company had novated bank borrowings amounting to RM30,000,000 in favour of a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS

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30. BANK BORROWINGS (Cont'd)

As of reporting date, the Group and the Company have the following credit facilities from licensed banks:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Secured:			
Term loans	656,200	809,867	742,000
Bridging loans	496,000	574,301	414,968
Revolving credits	335,000	303,000	223,000
Trade facilities	50,000	50,000	63,286
Bankers guarantee	90,750	78,750	55,750
Bank overdrafts	17,000	28,000	28,000
Islamic financing	18,000	18,000	18,000
	1,662,950	1,861,918	1,545,004

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'00
Secured:			
Revolving credits	120,000	120,000	90,000
Bankers guarantee	14,000	14,000	2,000
Islamic financing	5,000	5,000	5,000
	139,000	139,000	97,000

The interest rates per annum are as follows:

	30.6.2019 per annum	The Group 30.6.2018 per annum	1.7.2017 per annum
Secured:			
Term loans	5.20% to 8.45%	5.23% to 8.25%	5.40% to 8.15%
Bridging loans	6.34%	5.04% to 8.10%	8.10%
Revolving credits	5.57% to 8.20%	5.00% to 7.90%	5.37% to 7.90%
Bank overdrafts	5.70% to 7.42%	8.15% to 8.50%	8.15% to 8.67%
Islamic financing	7.85%	7.85%	6.80% to 7.85%

	30.6.2019 per annum	The Company 30.6.2018 per annum	1.7.2017 per annum
Secured:			
Revolving credits	5.57% to 8.20%	5.56% to 7.90%	5.37% to 7.90%
Islamic financing	7.85%	7.85%	7.85%

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

30. BANK BORROWINGS (Cont'd)

The borrowings of the Group and of the Company are secured against the following:

- (i) Charge over the investment properties, land held for property development, property development, completed properties and commercial land of certain subsidiary companies as mentioned in Notes 12, 13, 18 and 19, respectively.
- (ii) A debenture incorporating a fixed and floating charge over present and future assets of certain subsidiary companies.
- (iii) Fixed deposits of the Company and certain subsidiary companies as mentioned in Note 34.
- (iv) Assignment and charge over the Debt Service Reserve Account and Interest Service Reserve Account as mentioned in Note 34.

The borrowings of the subsidiary companies are also covered by the corporate guarantee of the Company.

31. HIRE-PURCHASE PAYABLES

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Total outstanding	4,048	5,512	6,409
Less: Interest-in suspense outstanding	(274)	(358)	(510)
Principal outstanding	3,774	5,154	5,899
Less: Amount due within 12 months (included under current liabilities)	(1,786)	(2,690)	(2,162)
Non-current portion	1,988	2,464	3,737

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'00
Total outstanding	-	177	528
Less: Interest-in suspense outstanding	-	(3)	(17)
Principal outstanding	-	174	511
Less: Amount due within 12 months (included under current liabilities)	-	(174)	(337)
Non-current portion	-	-	174

NOTES TO THE FINANCIAL STATEMENTS

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31. HIRE-PURCHASE PAYABLES (Cont'd)

The non-current portion is payable as follows:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Between 1 - 2 years	1,245	1,400	2,124
Between 2 - 5 years	743	1,064	1,613
	1,988	2,464	3,737

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
Between 1 - 2 years	-	-	174
Between 2 - 5 years	-	-	-
	-	-	174

For the financial year ended 30 June 2019, the effective interest rates for the hire-purchase payables of the Group and of the Company range from 4.50% to 7.97% (2018: 4.37% to 7.97%; 2017: 2.38% to 4.84%) per annum and Nil (2018: 4.37%; 2017: 4.37% to 4.50%) per annum respectively. Interest rates are fixed at the inception of the hire-purchase arrangements.

32. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise mainly amount outstanding to contractors and consultants for property development projects. The credit period granted to the Group ranges from 30 to 120 days (2018: 30 to 120 days; 2017: 30 to 120 days).

Trade payables are as follows:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Trade payables	285,943	184,824	161,028
Accrued costs to completion of projects	25,048	24,515	11,581
Accrued uncertified work performed by sub-contractors	153,058	204,218	184,393
	464,049	413,557	357,002
Retention sum payable to sub-contractors	111,369	101,247	62,490
	575,418	514,804	419,492

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

32. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (Cont'd)

Other payables and accrued expenses are as follows:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Other payables (Note (b) and (c))	583,381	384,531	400,939
Accrued expenses	16,223	62,336	22,621
Amount owing to directors (Note (a))	206	555	-
	599,810	447,422	423,560
Less: Other payable - non-current portion (Note (c))	(11,105)	(97,758)	(170,202)
	588,705	349,664	253,358

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
Other payables (Note (d))	3,641	1,542	2,140
Accrued expenses	2,441	3,627	3,779
	6,082	5,169	5,919

- (a) Amount owing to directors, which arose mainly from unsecured advances, was interest-free and repayable on demand.
- (b) Included in other payables are proprietor's entitlements payable to Yayasan WP, Gagasan Matrik Sdn Bhd and Virtue Court Sdn Bhd, third parties, of RM68,200,000 (Note 18(e)), and RM5,372,000 (Note 18(g)) and RM226,000 (Note 18(h)) (2018: RM73,200,000 (Note 18(e)), RM5,372,000 (Note 18(g)), and RM226,000 (Note 18(h)); 2017: RM93,200,00 (Note 18(e)), RM5,372,000 (Note 18(g)) and RM226,000 (Note 18(h)) respectively.
- (c) Included in other payables is an amount of RM405,390,000 (2018: RM253,358,000; 2017: RM274,778,000) representing the proprietor's entitlement payable to Bukit Jalil Development Sdn Bhd, a third party, pursuant to the Joint Development Agreement dated 16 March 2010 and Supplemental Agreement dated 3 July 2012 as disclosed in Note 18(f). As of 30 June 2019, an amount payable to the said third party of RM11,105,000 (2018: RM97,758,000; 2017: RM170,202,000) is classified as non-current as the amount is due after the next 12 months.
- (d) Included in other payables is an amount of RM2,255,000 representing the amount due to the substantial corporate shareholder of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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33. DIVIDENDS

	The Group and The Company	
	30.6.2019 RM'000	30.6.2018 RM'000
Declared and paid to the equity holders of the Company: First and final single-tier dividend of 2.0 sen per share (2018: First and final single-tier dividend of 2.5 sen per share)	10,563	13,200

The directors have proposed a first and final single-tier dividend of 1.5 sen per share in respect of the current financial year. The proposed first and final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements for the current financial year. Such dividend when approved by shareholders will be accounted for in equity as an appropriation of retained earnings during the financial year ending 30 June 2020.

34. CASH AND CASH EQUIVALENTS

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Fixed deposits with licensed banks	40,005	38,612	9,915
Cash and bank balances (Note 24)	81,026	122,757	73,033
Bank overdrafts (Note 30)	(21,015)	(21,345)	(28,055)
	100,016	140,024	54,893
Less: Non cash and cash equivalents:			
Fixed deposits pledged to licensed banks	(40,005)	(38,612)	(9,915)
Debt Service Reserve Account and Interest Service Reserve Account	(13,773)	(9,859)	(7,650)
	46,238	91,553	37,328

	30.6.2019 RM'000	The Company 30.6.2018 RM'000	1.7.2017 RM'000
Fixed deposits with licensed banks	2,452	2,230	2,230
Cash and bank balances (Note 24)	683	11,416	586
Bank overdrafts (Note 30)	(4,958)	(4,958)	(4,964)
	(1,823)	8,688	(2,148)
Less: Non cash and cash equivalents:			
Fixed deposits pledged to licensed banks	(2,452)	(2,230)	(2,230)
	(4,275)	6,458	(4,378)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

34. CASH AND CASH EQUIVALENTS (Cont'd)

Included in fixed deposits with licensed banks of the Group and of the Company is an amount of RM40,005,000 (2018: RM38,612,000; 2017: RM9,915,000) and RM2,452,000 (2018: RM2,230,000; 2017: RM2,230,000) respectively, pledged to financial institutions for banking facilities granted to subsidiary companies as mentioned in Note 30.

Included in cash and bank balances is an amount of RM13,773,000 (2018: RM9,859,000; 2017: RM7,650,000) representing Debt Service Reserve Account and Interest Service Reserve Account with licensed banks to secure the banking facilities granted to the subsidiary companies as mentioned in Note 30. The Group has restricted rights on the accounts and therefore the amount cannot be used in business operation.

The interest rates for fixed deposits range from 2.75% to 3.15% (2018: 2.95% to 3.35%; 2017: 2.85% to 3.35%) per annum. The fixed deposits have a maturity period of 1 to 365 days (2018: 1 to 365 days; 2017: 1 to 365 days).

35. CAPITAL COMMITMENT

	The Group	
	2019 RM'000	2018 RM'000
Approved and contracted for:		
Investment property	-	554

36. SEGMENTAL REPORTING

For management purposes, the Group is organised into the following operating divisions:

- (i) Property development segment is involved in the business of constructing and developing residential and commercial properties. The reportable segment has been formed by aggregating the property construction and development segments, which are regarded by management to exhibit similar economic characteristics.
- (ii) Construction contracts segment is involved in the business of construction works for development of residential and commercial properties.
- (iii) Property trading segment is involved in the business of sales of developed residential and commercial properties.
- (iv) Others segment, which is involved in the business of investment holding, project management, property investment and management, and provision of management and accounting services, is not material to the Group and therefore not separately reported.

Inter-segment revenue mainly comprise construction works performed and provision of management services to the subsidiary companies.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

36. SEGMENTAL REPORTING (Cont'd)

2019	Property development RM'000	Construction contracts RM'000	Property trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	541,215	392,304	57,811	794	-	992,124
Inter-segment sales	-	384,394	-	24,169	(408,563)	-
	541,215	776,698	57,811	24,963	(408,563)	992,124
Results						
Segment results	67,751	40,224	15,684	5,744	(25,246)	104,157
Distribution income on short-term funds and interest income						2,546
Finance costs						(38,542)
Share in results of associated companies						-
Profit before tax						68,161
Income tax expense						(42,225)
Profit for the year						25,936
Attributable to:						
Owners of the Company						26,385
Non-controlling interests						(449)
						25,936
Assets						
Segment assets	2,706,317	883,450	184,429	1,477,019	(2,237,621)	3,013,594
Unallocated assets						17,332
						3,030,926
Liabilities						
Segment liabilities	2,084,361	670,528	54,307	1,189,180	(2,105,225)	1,893,151
Unallocated liabilities						81,334
						1,974,485
Other information						
Capital expenditure	3,687	4,348	18	5,781	-	13,834
Depreciation of property, plant and equipment	3,363	3,063	-	475	-	6,901

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

36. SEGMENTAL REPORTING (Cont'd)

2018	Property development RM'000 (Restated)	Construction contracts RM'000 (Restated)	Property trading RM'000 (Restated)	Others RM'000 (Restated)	Eliminations RM'000 (Restated)	Consolidated RM'000 (Restated)
Revenue						
External sales	388,638	382,152	29,417	2,659	-	802,866
Inter-segment sales	-	307,386	-	32,242	(339,628)	-
	388,638	689,538	29,417	34,901	(339,628)	802,866
Results						
Segment results	20,483	38,542	6,895	9,779	11,802	87,501
Distribution income on short-term funds and interest income						3,552
Finance costs						(30,015)
Share in results of associated companies						-
Profit before tax						61,038
Income tax expense						(25,561)
Profit for the year						35,477
Attributable to:						
Owners of the Company						36,310
Non-controlling interests						(833)
						35,477
Assets						
Segment assets	2,039,148	777,631	155,328	1,372,748	(1,731,295)	2,613,560
Unallocated assets						16,475
						2,630,035
Liabilities						
Segment liabilities	1,413,455	596,025	52,066	1,062,554	(1,616,324)	1,507,776
Unallocated liabilities						78,770
						1,586,546
Other information						
Capital expenditure	21,939	6,825	10	32,306	-	61,080
Depreciation of property, plant and equipment	1,976	2,110	-	697	-	4,783
Impairment of investment in subsidiary companies	-	-	-	11,343	(11,343)	-

NOTES TO THE FINANCIAL STATEMENTS

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36. SEGMENTAL REPORTING (Cont'd)

2017	Property development RM'000 (Restated)	Construction contracts RM'000 (Restated)	Property trading RM'000 (Restated)	Others RM'000 (Restated)	Eliminations RM'000 (Restated)	Consolidated RM'000 (Restated)
Assets						
Segment assets	1,964,810	671,255	120,995	1,525,759	(1,666,715)	2,616,104
Unallocated assets						12,316
						<u>2,628,420</u>
Liabilities						
Segment liabilities	1,304,780	498,946	47,235	1,188,563	(1,577,098)	1,462,426
Unallocated liabilities						101,563
						<u>1,563,989</u>

37. FINANCIAL INSTRUMENTS

(i) Capital Risk Management

The Group and the Company manage their capital to ensure that it will be able to continue as a going-concern while maximising returns to their shareholders through the optimisation of debt and equity balance. The Group's and the Company's overall strategy remain unchanged from 2018.

The Group and the Company did not engage in any transaction involving financial derivative instruments during the financial year.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2019.

The Group is not subject to externally imposed capital requirements.

Gearing ratio

The gearing ratio at the end of the reporting period is as follows:

	30.6.2019 RM'000	The Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Total debts	709,060	538,340	600,912
Cash and bank balances	(81,026)	(122,757)	(73,033)
Net debts	628,034	415,583	527,879
Equity	1,056,441	1,043,489	1,064,431
Debt to equity ratio	59.45%	39.83%	49.59%

Total debts are defined as redeemable preference shares, long and short-term borrowings and hire-purchase payables as described in Notes 29, 30 and 31.

Equity includes all capital and reserves of the Group that are managed as capital.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses), for each class of financial assets, financial liability and equity instrument are disclosed in Note 3.

Categories of Financial Instruments

	2019 RM'000	The Group 2018 RM'000 (Restated)	2017 RM'000 (Restated)
Financial assets			
At FVTPL:			
Other investments	245	-	-
Short-term funds	473	-	-
At amortised cost:			
Trade receivables	133,184	-	-
Other receivables	93,883	-	-
Fixed deposits with licensed banks	40,005	-	-
Cash and bank balances	81,026	-	-
Available-for-sales			
Other investments	-	245	245
Short-term funds	-	1,508	1,530
Loans and receivables:			
Trade receivables	-	193,706	167,165
Other receivables	-	117,252	352,597
Fixed deposits with licensed banks	-	38,612	9,915
Cash and bank balances	-	122,757	73,033
Financial liabilities - At amortised cost			
Trade payables	575,418	514,804	419,492
Other payables and accrued expenses	599,810	447,422	423,560
Bank borrowings	702,286	530,186	592,013
Redeemable preference shares	3,000	3,000	3,000
Hire-purchase payables	3,774	5,154	5,899

NOTES TO THE FINANCIAL STATEMENTS

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37. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

Categories of Financial Instruments (Cont'd)

	2019 RM'000	The Company 2018 RM'000	2017 RM'000
Financial assets			
At FVTPL:			
Short-term funds	473	-	-
At amortised cost:			
Other receivables	1,132	-	-
Amount owing by subsidiary companies	144,181	-	-
Fixed deposits with licensed banks	2,452	-	-
Cash and bank balances	683	-	-
Available-for-sales			
Short-term funds	-	1,461	1,427
Loans and receivables:			
Trade receivables	-	112	74
Other receivables	-	753	596
Amount owing by subsidiary companies	-	158,497	130,375
Fixed deposits with licensed banks	-	2,230	2,230
Cash and bank balances	-	11,416	586
Financial liabilities - At amortised cost			
Other payables and accrued expenses	6,082	5,169	5,919
Amount owing to subsidiary companies	313	453	104
Bank borrowings	104,958	124,958	66,964
Hire-purchase payables	-	174	511

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

Categories of Financial Instruments (Cont'd)

Change in classification and measurement of financial instruments on adoption of MFRS 9

The following table summarises the reclassification and measurement of the Group's and the Company's financial assets due to adoption of MFRS 9. There has been no change in the measurement of these financial assets:

	Classification category		Measurement	
	MFRS 139	MFRS 9	MFRS 139	MFRS 9
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	Amortised cost	Amortised cost
Other receivables	Loans and receivables	Amortised cost	Amortised cost	Amortised cost
Amount owing by subsidiary companies	Loans and receivables	Amortised cost	Amortised cost	Amortised cost
Fixed deposits with licensed banks	Loans and receivables	Amortised cost	Amortised cost	Amortised cost
Cash and bank balances	Loans and receivables	Amortised cost	Amortised cost	Amortised cost
Other investments	Available-for-sale	FVTPL	At fair value	At fair value
Short-term funds	Available-for-sale	FVTPL	At fair value	At fair value

(ii) Financial Risk Management Objectives

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

The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Financial Risk Management Objectives (Cont'd)

(a) Foreign Currency Risk Management

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's exposure to foreign exchange rate risk is minimal and mainly through its other investments in unquoted shares outside Malaysia.

(b) Interest Rate Risk Management

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings.

The carrying amounts, the range of applicable interest rates during the year and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk are disclosed in Note 30 and Note 31.

Interest rate exposure is measured using sensitivity analysis as disclosed below:

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's profit after tax for the financial year ended 30 June 2019 would decrease/increase by RM2,683,000 and RM399,000 (2018: RM2,034,000 and RM476,000) respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has increased during the current period mainly due to the higher variable rate debt instruments.

(c) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group.

The Group is exposed to credit risk mainly from its customer base, including trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. Trade receivables are monitored on an ongoing basis by the Group's credit control department.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

The Company is exposed to credit risk mainly from its subsidiary companies. The Company monitors the results of its subsidiary companies regularly and repayments made by the subsidiary companies.

The Group's and the Company's credit risk on deposits and cash and bank balances are limited as the Group and the Company place their funds with reputable financial institutions with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Financial Risk Management Objectives (Cont'd)

(c) Credit Risk Management (Cont'd)

Exposure to credit risk

The Group measures the loss allowance for trade receivables, other receivables and contract assets at an amount equal to lifetime expected credit loss (ECL) and for other financial assets (measured at amortised cost) at 12-month ECL by applying simplified approach and general approach respectively, as required by MFRS 9. The Company measures the loss allowance for other receivables and amount owing by subsidiary companies at an amount equal to lifetime expected credit loss (ECL) and for other financial assets (measured at amortised cost) at 12-month ECL by applying simplified approach and general approach respectively, as required by MFRS 9. Impairment loss is measured based on expected credit loss model is based on assumptions on the risk of default and expected loss rates. The Group and the Company use judgment in making these assumption and selecting the inputs to the ECL based on past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

As at the end of the reporting period, the Group's maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade and other receivables, short-term funds, fixed deposits with licensed banks and cash and bank balances. The Company's maximum exposure to credit risk is the carrying amount of financial assets which are mainly other receivables, amount owing by subsidiary companies, short-term funds, fixed deposits with licensed banks and cash and bank balances.

(d) Liquidity Risk Management

The Group and the Company seek to invest cash assets safely and profitably. The Group and the Company also seek to control credit risk by setting counterparty limits and ensuring that sale of goods and services are made to customers with an appropriate credit history, and monitoring customers' financial standing through periodic credit review and credit checks at point of sales. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group and the Company may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Financial Risk Management Objectives (Cont'd)

(d) Liquidity Risk Management (Cont'd)

The Group 30.6.2019	Weighted average effective interest rate per annum %	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
Non-interest bearing instruments	-	1,164,125	-	14,105	-	1,178,230
Hire-purchase payables	5.58	1,898	1,335	815	-	4,048
Variable interest rate instruments	7.12	665,242	45,293	99,831	-	810,366

The Company 30.6.2019

Non-interest bearing instruments	-	6,395	-	-	-	6,395
Variable interest rate instruments	6.86	112,150	-	-	-	112,150
Financial guarantee*	-	-	-	-	-	-

The Group 30.6.2018

Non-interest bearing instruments (Restated)	-	864,468	-	100,758	-	965,226
Hire-purchase payables	4.69	2,900	1,543	1,069	-	5,512
Variable interest rate instruments	6.32	547,414	40,069	20,205	-	607,688

The Company 30.6.2018

Non-interest bearing instruments	-	5,622	-	-	-	5,622
Hire-purchase payables	4.37	177	-	-	-	177
Variable interest rate instruments	8.35	135,455	-	-	-	135,455
Financial guarantee*	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Financial Risk Management Objectives (Cont'd)

(d) Liquidity Risk Management (Cont'd)

	Weighted average effective interest rate per annum %	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
The Group						
1.7.2017						
Non-interest bearing instruments (Restated)	-	671,887	104,759	69,406	-	846,052
Hire-purchase payables	3.35	2,443	2,843	1,123	-	6,409
Variable interest rate instruments	7.03	450,730	69,551	112,624	4,636	637,541
The Company						
1.7.2017						
Non-interest bearing instruments	-	6,023	-	-	-	6,023
Hire-purchase payables	4.44	352	176	-	-	528
Variable interest rate instruments	8.41	72,596	-	-	-	72,596
Financial guarantee*	-	-	-	-	-	-

* At the end of each reporting period, it was not probable that the counterparties to financial guarantee contracts will claim under the contracts. Consequently, the amount included above is RMNil.

(e) Cash Flow Risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

(iii) Fair Value of Financial Instruments

- (a) The carrying amounts of current financial assets and financial liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date. The fair value of long-term financial assets and financial liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between fair values and carrying values of these assets and liabilities as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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37. FINANCIAL INSTRUMENTS (Cont'd)

(iii) Fair Value of Financial Instruments (Cont'd)

(b) Fair value hierarchy

As at the end of the reporting period, the Group and the Company held the following financial instruments carried at fair values in the statements of financial position:

	2019 RM'000	The Group 2018 RM'000	2017 RM'000	2019 RM'000	The Company 2018 RM'000	2017 RM'000
Level 2						
Financial assets						
at FVTPL:						
Short-term funds #	473	1,508	1,530	473	1,461	1,427
Other investments ^	245	245	245	-	-	-

The fair values of investments in unit trust funds are valued using the net asset value of the investment funds.

^ The fair values of unquoted investment in transferable golf and country club memberships are determined by reference to recent market transactions of identical assets.

38. CORPORATE GUARANTEES

	The Group and the Company	
	30.6.2019 RM'000	30.6.2018 RM'000
Corporate guarantee given to contractors/suppliers of subsidiary companies	2,762	7,320

	The Company	
	30.6.2019 RM'000	30.6.2018 RM'000
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	619,640	417,376

The total amount of corporate guarantees provided by the Company to financial institutions for the credit facilities granted to subsidiary companies amounted to RM619,640,000 (2018: RM417,376,000). The financial guarantees have not been recognised in the financial statements since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary companies' borrowings in view of the securities pledged by the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

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39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the reconciliation of the opening and closing amounts in the statements of financial position of the Group and the Company for each liability for which cash flows have been, or would be, classified as financing activities in the statements of cash flows of the Group and the Company:

	As at 1.7.2018 RM'000	Drawdown RM'000	Repayment RM'000	Non-cash item* RM'000	As at 30.6.2019 RM'000
The Group					
Bank borrowings (Note 30)	508,841	405,956	(233,526)	-	681,271
Hire-purchase payables (Note 31)	5,154	-	(1,803)	423	3,774

	As at 1.7.2017 RM'000	Drawdown RM'000	Repayment RM'000	Non-cash item* RM'000	As at 30.6.2018 RM'000
The Group					
Bank borrowings (Note 30)	563,958	223,795	(278,912)	-	508,841
Hire-purchase payables (Note 31)	5,899	-	(2,474)	1,729	5,154

* These represent the additions in property, plant and equipment for motor vehicles acquired under hire-purchase arrangement.

	As at 1.7.2018 RM'000	Drawdown RM'000	Repayment RM'000	Non-cash item# RM'000	As at 30.6.2019 RM'000
The Company					
Bank borrowings (Note 30)	120,000	180,000	(170,000)	(30,000)	100,000
Hire-purchase payables (Note 31)	174	-	(174)	-	-

	As at 1.7.2017 RM'000	Drawdown RM'000	Repayment RM'000	As at 30.6.2018 RM'000
The Company				
Bank borrowings (Note 30)	62,000	60,000	(2,000)	120,000
Hire-purchase payables (Note 31)	511	-	(337)	174

This represents the novation of bank borrowings by the Company to the subsidiary company (Note 30).

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES

In the current year financial statements, certain restatements have been made in previously reported figures and balances and the respective effect on the Group's reported figures and balances are as follows:

(a) Effects of MFRS 1 "First-time adoption of Malaysian Financial Reporting Standards"

As disclosed in Note 2, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. The date of transition to MFRS Framework is on 1 July 2017.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

(a) Effects of MFRS 1 "First-time adoption of Malaysian Financial Reporting Standards" (Cont'd)

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2019, the comparative information presented in these financial statements for the financial year ended 30 June 2018 and in the preparation of the opening MFRS statement of financial position as at 1 July 2017 (the Group's and the Company's date of transition to MFRSs).

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied. As provided in MFRS 1, first-time adopter can elect optional exemptions from full retrospective application of MFRSs. The Group did not elect any exemptions and the basis adopted previously are consistent with MFRS except as disclosed in Note 40(b) and Note 40(c).

The transition to MFRSs has had no impact on the financial statements of the Group and of the Company, except as disclosed in Note 40(b) and Note 40(c).

(b) Effects of MFRS 9 "Financial Instruments"

In the current financial year, the Group has applied MFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other MFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

The Group has elected the exemption in MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards which allows the Group not to restate comparative information in the year of initial application of MFRS 9. As a result, the comparative information provided continues to be accounted for in accordance with the Group's and Company's previous accounting policy as disclosed in Note 3, and the impact, if any, has been adjusted in the opening retained earnings as at 1 July 2018.

MFRS 9 introduced new requirements for:

- (i) The classification and measurement of financial assets and financial liabilities;
- (ii) Impairment of financial assets; and
- (iii) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

(i) *Classification and measurement of financial assets*

With regard to the revised classification and measurement principles, MFRS 9 contains three classification categories of 'at amortised cost', 'fair value through other comprehensive income' ("FVTOCI") and 'fair value through profit or loss' ("FVTPL"). MFRS 9 eliminates the existing FRS 139 categories of 'loans and receivables', 'held-to-maturity' and 'available-for-sale'. This new classification only means that the assets currently classified as available-for-sale will be measured at FVTOCI/FVTPL which constitutes no significant change, except for the accounting for cumulative gains or losses when equity securities measured at FVTOCI are disposed of. As a result, the Group and the Company have classified their other investments (unquoted unit trusts in Malaysia) and Club Membership from 'available-for-sale' to 'FVTPL'. As a result, the cumulative available-for-sale reserve as at 1 July 2018, have been transferred to retained earnings. There is no change in the measurement as the Group and the Company carry this investment at fair value.

The other financial assets held by the Group and the Company which were previously classified as loans and receivables and accounted for at amortised cost are now being classified as financial assets at amortised cost under MFRS 9.

Details of the changes in classification and measurement of financial instruments on adoption of MFRS are disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

(b) Effects of MFRS 9 "Financial Instruments" (Cont'd)

(ii) *Impairment of financial assets*

In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

It applies to financial assets classified at amortised cost, financial assets classified at FVTPL and contract assets under MFRS 15 Revenue from Contracts with Customers. Based on the assessment performed, the Group and the Company concluded that the adoption does not have any significant impact on the financial performance or position of the Group and the Company.

There was no restatement of impairment losses on transition to MFRS 9, as the result of applying the expected credit loss model was immaterial.

(iii) *General hedge accounting*

The new hedge accounting requirements of MFRS 9 retain the three types of hedge accounting mechanisms currently available in FRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about any entity's risk management activities have also been introduced. The application of MFRS 9 has had no impact on the results and financial position of the Group and the Company for the current period and prior years as the Group and the Company did not carry out any hedge activity during these years.

(iv) *Classification and measurement of financial liabilities*

One major change introduced by MFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as FVTPL attributable to changes in the credit risk of the issuer.

Specifically, MFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in the other comprehensive income, unless the recognition of the effects of changes in liability's credit risk in the other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as an FVTPL was presented in profit or loss.

There is no impact on the Group's and the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group and the Company do not have any such liabilities.

The application of MFRS 9 has had no impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

(c) Effects of MFRS 15 "Revenue from Contracts with Customers"

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Subsequently, amendments to MFRS 15 were issued in April 2016 which provide clarifications on certain requirements of MFRS 15 and provide additional transitional relief upon implementing MFRS 15. MFRS 15 supersedes the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretation.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer, which may be at a point in time or over time.

The Group recognises revenue from property development over time if the Group's performance does not create an asset with alternative use to the Group and it has an enforceable right to payment for performance completed to date. Separate performance obligations were identified and revenue recognition was deferred for performance which has not been satisfied.

The key effects from adoption of MFRS 15 are as follows:

- (a) Changes to the timing of revenue recognition for property development activities depending on when the separate performance obligations are satisfied;
- (b) Reclassification of excess of revenue earned over the billings on property development contracts (i.e. Accrued billings) to contract assets;
- (c) Reclassification of excess of billings over revenue earned on property development contracts (i.e. Advance billings) to contract liabilities; and
- (d) Capitalisation of incremental costs of obtaining customer contracts and subsequently being expensed to cost of sales by reference to the performance completed to date.

The Group has elected to adopt the following practical expedients upon retrospective adoption of MFRS 15:

- (a) Completed contracts that began and ended within the same comparative reporting period as well as completed contracts at the beginning of the earliest period presented, are not restated; and
- (b) For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised are not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

(c) Effects of MFRS 15 "Revenue from Contracts with Customers" (Cont'd)

The Group and the Company has applied full restrospective approach as allowed under MFRS 15. The impact arising from the change is summarized as follows.

	The Group 30.6.2018 RM'00
Consolidated statement of profit or loss and other comprehensive income	
Revenue	(13,329)
Cost of sales	11,579
Other income	(8,219)
Selling and distribution expenses	(4,351)
Administrative expenses	(412)
Finance cost	6,040
Income tax expense	1,464
Decrease in profit after tax	(7,228)

	The Group 30.6.2018 RM'000	1.7.2017 RM'000
Consolidated statement of financial position		
Property, plant and equipment	19,617	19,914
Deferred tax assets	93	-
Land held for property development	-	(7,614)
Property development costs	(22,909)	(14,623)
Inventories	35	-
Trade receivables	3,389	2,772
Contract assets	116,080	212,368
Amount due from contract customer	(35,976)	(12,558)
Accrued billings	(63,331)	(173,487)
Deferred tax liabilities	(1,990)	(3,361)
Trade payables	(5,834)	(3,963)
Contract liabilities	(7,210)	(18,462)
Advanced billings	260	8,466
Increase in retained earnings	2,224	9,452

	The Group 30.6.2018 RM'00
Consolidated statements of cash flows	
Cash flows used in operating activities	1,777
Cash flows used in investing activities	(1,777)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

(d) IFRIC Agenda Decision on MFRS 123 Borrowing Costs

The IFRS Interpretations Committee ("IFRIC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development. Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 Borrowing Costs and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- (i) Any receivable and contract asset that the entity recognises is not a qualifying asset.
- (ii) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

On 20 March 2019, the Malaysian Accounting Standards Board announced that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020. The Group early adopted the IFRIC Agenda Decision on MFRS 123 Borrowing Costs. The impact arising from the change is summarised as follows.

	The Group 30.6.2018 RM'000
Consolidated statement of profit or loss and other comprehensive income	
Revenue	(2,578)
Cost of sales	6,310
Other income	7,582
Finance cost	(22,275)
Income for expense	2,859
Decrease in profit after tax	(8,102)
	The Group 30.6.2018 RM'000
Consolidated statement of financial position	
Deferred tax assets	2,744
Property development costs	(8,384)
Contract assets	(2,577)
Deferred for liabilities	115
Decrease in retained earnings	(8,102)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

- (e) Prior period error identified in current year

Reclassification of IP to PPE

An investment property amounted to RM7,400,000 is owned by Domain Resources Sdn. Bhd. ("DRSB"), a subsidiary of the Company. The property was held to earn rental and for capital appreciation. In 1 July 2011, a significant portion of the office lot which was vacant was held for use in the production or supply of services and accordingly, the transfer from investment properties to property, plant and equipment was inadvertently omitted. The Group has considered this as prior period error in accordance with MFRS108 Accounting Policies, Changes in Accounting Estimates and Errors and accordingly restated the previously reported balances as follows:

	The Group 30.6.2018 RM'00
Consolidated statement of profit or loss and other comprehensive income	
Administrative expenses	(100)
Decrease in profit after tax	(100)

	30.6.2018 RM'000	The Group 1.7.2017 RM'000
Consolidated statement of financial position		
Property, plant and equipment	4,800	4,900
Investment properties	(7,400)	(7,400)
Decrease in retained earnings	(2,600)	(2,500)

Tax impact on unrealised profit on inter-group transactions

There are inter-group transactions between subsidiaries, on which unrealized profit as at year end is eliminated in the consolidated financial statements of the Group. During the year, management has identified that in the previous years it, inadvertently, has not eliminated tax impact (recorded in the financial statements of the subsidiary) and therefore, not recorded deferred tax asset as a consolidation adjustment in the consolidated financial statements of the Group. The Group has considered this as prior period error in accordance with MFRS108 Accounting Policies, Changes in Accounting Estimates and Errors and accordingly restated the previously reported balances as follows:

	The Group 30.6.2018 RM'00
Consolidated statement of profit or loss and other comprehensive income	
Income tax expense	(181)
Decrease in profit after tax	(181)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

(e) Prior period error identified in current year (Cont'd)

Tax impact on unrealised profit on inter-group transactions (Cont'd)

	30.6.2018 RM'000	The Group 1.7.2017 RM'000
Consolidated statement of financial position		
Deferred tax assets	7,651	7,832
Increase in retained earnings	7,651	7,832

Restricted accounts considered as cash and cash equivalents

As disclosed in Note 34 to these financial statements, the Group has balances in Debt Service Reserve Account and Interest Service Reserve Account with licensed banks to secure the banking facilities granted to the subsidiary companies. The Group has restricted rights on the accounts and the amount cannot be used in business operations, therefore, the balance in these accounts is not a cash and cash equivalent in nature.

During the year, management has identified that in the previous years it, inadvertently, considered the balances in Debt Service Reserve Account and Interest Service Reserve Account as cash and cash equivalents. The Group has considered this as prior period error in accordance with MFRS108 Accounting Policies, Changes in Accounting Estimates and Errors and accordingly restated the previously reported balances as follows:

	The Group 30.6.2018 RM'00
Consolidated statements of cash flows	
Cash flows used in investing activities	(2,209)
Cash and cash equivalents at the beginning of year	(7,650)
Cash and cash equivalents at the end of year	(9,859)

Reclassification between investing activities and financing activities:

During the year, the Group has reclassified the cash flows related to the redemption of redeemable preference shares from non-controlling interests from investing activities to financing activities as follows:

	The Group 30.6.2018 RM'00
Consolidated statements of cash flows	
Cash flows used in investing activities	43,505
Cash flows used in financing activities	(43,505)

In preparing the opening consolidated statement of financial position as at 1 July 2017, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with FRSS.

A presentation of the transition from FRSSs to MFRSs including adoption of MFRS 15 (as MFRS 9 did not have material impact, as mentioned above) and agenda decision on borrowing costs and effect of prior period errors have been given below:

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

Reconciliation of profit or loss and other comprehensive income for the year ended 30 June 2018:

	As previously reported for the financial year ended 30.6.2018 RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Prior year adjustments RM'000	As restated for the financial year ended 30.6.2018 RM'000
The Group					
Revenue	818,773	(13,329)	(2,578)	-	802,866
Cost of sales	(671,503)	11,579	6,310	-	(653,614)
Gross profit	147,270	(1,750)	3,732	-	149,252
Other income	44,041	(8,219)	7,582	-	43,404
Shares in results of associated companies	-	-	-	-	-
Selling and distribution expenses	(15,358)	(4,351)	-	-	(19,709)
Administrative expenses	(81,382)	(412)	-	(100)	(81,894)
Finance costs	(13,780)	6,040	(22,275)	-	(30,015)
Profit before tax	80,791	(8,692)	(10,961)	(100)	61,038
Income tax expense	(29,703)	1,464	2,859	(181)	(25,561)
Profit for the year	51,088	(7,228)	(8,102)	(281)	35,477
Other comprehensive loss, net of income					
Items that will be reclassified subsequently to profit or loss:					
Net changes in fair value of available-for-sale financial assets	(5)	-	-	-	(5)
Total comprehensive income for the year	51,083	(7,228)	(8,102)	(281)	35,472
Profit/(Loss) attributable to:					
Owners of the Company	51,921	(7,228)	(8,102)	(281)	36,310
Non-controlling interests	(833)	-	-	-	(833)
	51,088	(7,228)	(8,102)	(281)	35,477
Total comprehensive income/(loss) attributable to:					
Owners of the Company	51,916	(7,228)	(8,102)	(281)	36,305
Non-controlling interests	(833)	-	-	-	(833)
	51,083	(7,228)	(8,102)	(281)	35,472

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

Reconciliation of statement of financial position as at 1 July 2017:

	As previously reported for the financial year ended 1.7.2017 RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Prior year adjustments RM'000	As restated for the financial year ended 1.7.2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12,339	19,914	-	4,900	37,153
Investment properties	145,679	-	-	(7,400)	138,279
Land held for property development	78,888	(7,614)	-	-	71,274
Investment in associated companies	2,232	-	-	-	2,232
Other investments	245	-	-	-	245
Deferred tax assets	4,253	-	-	7,832	12,085
Total non-current assets	243,636	12,300	-	5,332	261,268
Current assets					
Property development costs	1,467,117	(14,623)	-	-	1,452,494
Inventories	97,615	-	-	-	97,615
Trade receivables	164,393	2,772	-	-	167,165
Other receivables and prepaid expenses	352,801	-	-	-	352,801
Contract assets	-	212,368	-	-	212,368
Accrued billings	173,487	(173,487)	-	-	-
Amount due from contract customers	12,558	(12,558)	-	-	-
Tax recoverable	231	-	-	-	231

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

Reconciliation of statement of financial position as at 1 July 2017: (Cont'd)

	As previously reported for the financial year ended 1.7.2017 RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Prior year adjustments RM'000	As restated for the financial year ended 1.7.2017 RM'000
Short-term funds	1,530	-	-	-	1,530
Fixed deposits with licensed banks	9,915	-	-	-	9,915
Cash and bank balances	73,033	-	-	-	73,033
Total current assets	2,352,680	14,472	-	-	2,367,152
Total assets	2,596,316	26,772	-	5,332	2,628,420
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	528,176	-	-	-	528,176
Reserves	341,966	9,452	-	5,332	356,750
	870,142	9,452	-	5,332	884,926
Non-controlling interests	179,505	-	-	-	179,505
Total equity	1,049,647	9,452	-	5,332	1,064,431
Non-current liabilities					
Other payables	170,202	-	-	-	170,202
Redeemable preference shares	3,000	-	-	-	3,000
Bank borrowings - non-current portion	107,373	-	-	-	107,373

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

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40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

Reconciliation of statement of financial position as at 1 July 2017: (Cont'd)

	As previously reported for the financial year ended 1.7.2017 RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Prior year adjustments RM'000	As restated for the financial year ended 1.7.2017 RM'000
Hire-purchase payables - non-current portion	3,737	-	-	-	3,737
Deferred tax liabilities	62,450	3,361	-	-	65,811
Total non-current liabilities	346,762	3,361	-	-	350,123
Current liabilities					
Trade payables	415,529	3,963	-	-	419,492
Other payables and accrued expenses	253,358	-	-	-	253,358
Contract liabilities	-	18,462	-	-	18,462
Advance billings	8,466	(8,466)	-	-	-
Redeemable convertible secured loan stocks - current portion	-	-	-	-	-
Bank borrowings - current portion	484,640	-	-	-	484,640
Hire-purchase payables - current portion	2,162	-	-	-	2,162
Tax liabilities	35,752	-	-	-	35,752
Total current liabilities	1,199,907	13,959	-	-	1,213,866
Total liabilities	1,546,669	17,320	-	-	1,563,989
Total equity and liabilities	2,596,316	26,772	-	5,332	2,628,420

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

Reconciliation of statement of financial position as at 30 June 2018:

	As previously reported for the financial year ended 30.6.2018 RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Prior year adjustments RM'000	As restated for the financial year ended 30.6.2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15,230	19,617	-	4,800	39,647
Investment properties	178,559	-	-	(7,400)	171,159
Land held for property development	31,457	-	-	-	31,457
Investment in associated companies	-	-	-	-	-
Other investments	245	-	-	-	245
Deferred tax assets	7,815	93	2,744	7,651	18,303
Total non-current assets	233,306	19,710	2,744	5,051	260,811
Current assets					
Property development costs	1,686,591	(22,909)	(8,384)	-	1,655,298
Inventories	125,707	35	-	-	125,742
Trade receivables	190,317	3,389	-	-	193,706
Other receivables and prepaid expenses	117,349	-	-	-	117,349
Contract assets	-	116,080	-	-	116,080
Accrued billings	63,331	(63,331)	-	-	-
Amount due from contract customers	38,553	(35,976)	(2,577)	-	-
Tax recoverable	189	-	-	-	189

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

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40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

Reconciliation of statement of financial position as at 30 June 2018: (Cont'd)

	As previously reported for the financial year ended 30.6.2018 RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Prior year adjustments RM'000	As restated for the financial year ended 30.6.2018 RM'000
Short-term funds	1,508	-	-	-	1,508
Fixed deposits with licensed banks	38,612	-	-	-	38,612
Cash and bank balances	122,757	-	-	-	122,757
Total current assets	2,384,914	(2,712)	(10,961)	-	2,371,241
Total assets	2,618,220	16,998	(8,217)	5,051	2,632,052
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	528,552	-	-	-	528,552
Reserves	380,597	2,224	(8,102)	5,051	379,770
	909,149	2,224	(8,102)	5,051	908,322
Non-controlling interests	135,167	-	-	-	135,167
Total equity	1,044,316	2,224	(8,102)	5,051	1,043,489
Non-current liabilities					
Other payables	97,758	-	-	-	97,758
Redeemable preference shares	3,000	-	-	-	3,000
Bank borrowings - non-current portion	107,569	-	-	-	107,569

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

Reconciliation of statement of financial position as at 30 June 2018: (Cont'd)

	As previously reported for the financial year ended 30.6.2018 RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Prior year adjustments RM'000	As restated for the financial year ended 30.6.2018 RM'000
Hire-purchase payables - non-current portion	2,464	-	-	-	2,464
Deferred tax liabilities	62,401	1,990	(115)	-	64,276
Total non-current liabilities	273,192	1,990	(115)	-	275,067
Current liabilities					
Trade payables	508,970	5,834	-	-	514,804
Other payables and accrued expenses	349,664	-	-	-	349,664
Contract liabilities	-	7,210	-	-	7,210
Advance billings	260	(260)	-	-	-
Redeemable convertible secured loan stocks - current portion	-	-	-	-	-
Bank borrowings - current portion	422,617	-	-	-	422,617
Hire-purchase payables - current portion	2,690	-	-	-	2,690
Tax liabilities	16,511	-	-	-	16,511
Total current liabilities	1,300,712	12,784	-	-	1,313,496
Total liabilities	1,573,904	14,774	(115)	-	1,588,563
Total equity and liabilities	2,618,220	16,998	8,217	5,051	2,632,052

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

40. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES AND BALANCES (Cont'd)

Reconciliation of statement of cash flows as at 30 June 2018:

	As previously reported for the financial year ended 30.6.2018 RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Prior year adjustments RM'000	As restated for the financial year ended 30.6.2018 RM'000
The Group					
Cash flows from operating activities	283,644	1,777	-	-	285,421
Cash flows used in investing activities	(123,441)	(1,777)	-	41,296	(83,922)
Cash flows used in financing activities	(103,769)	-	-	(43,505)	(147,274)
Cash and cash equivalents at beginning of year	44,978	-	-	(7,650)	37,328
Cash and cash equivalents at end of year	101,412	-	-	(9,859)	91,553

The transition from FRSs to MFRS Framework does not have any impact to the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flow of the Company.

41. SIGNIFICANT AGREEMENTS ENTERED INTO DURING THE YEAR

During the financial year, Pioneer Haven Sdn Bhd ("Pioneer Haven"), a wholly-owned subsidiary of Malton Group ("the Group"), had on 28 May 2019 entered into a conditional (conditional upon the fulfillment of certain conditions precedents) sale and purchase agreement ("SPA") for the disposal of the Pavilion Bukit Jalil City Mall ("BJC mall") to Regal Path Sdn Bhd ("Regal Path"), a wholly-owned subsidiary of the Group, for a total cash consideration of RM1,480 million, for the completed mall ("Proposed Mall Disposal"). The Proposed Mall Disposal is expected to result in a gain on disposal of approximately RM24.9 million to the Group. As at 30 June 2019, the conditions precedents have not been satisfied.

In conjunction with the SPA, Amberstraits Sdn Bhd ("Amberstraits"), a 100 % owned subsidiary of the Group, had on 28 May 2019 entered into two share subscription letters with Khuan Choo Realty Sdn Bhd ("Khuan Choo Realty"), a wholly-owned subsidiary of the Group, and Jelang Tegas Sdn Bhd ("Jelang Tegas") respectively, whereby Khuan Choo Realty and Jelang Tegas shall subscribe to 50,998 and 49,000 new ordinary shares in Amberstraits, representing 51% and 49% interest in the enlarged share capital of Amberstraits respectively ("Dilution in Amberstraits"); and concurrent with the proposed disposal, Khuan Choo Realty had also on 28 May 2019 entered into a subscription agreement with Amberstraits, Jelang Tegas, Q PBJ Sdn Bhd ("QPBJ") and Regal Path (under Regal Path Subscription Agreement) for the subscription of redeemable preference shares, such that QPBJ will subscribe for RPS A amounting to RM406.7million whereas Jelang Tegas and Khuan Choo will subscribe for RPS B amounting to RM207.5million and RM215.8million respectively. As at 30 June 2019, neither the new ordinary shares were issued by Amberstraits nor were RPSs issued by Regal Path.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

42. NON-ADJUSTING SUBSEQUENT EVENTS

Disposal of Bukit Jalil City Mall, Dilution in Amberstraits Sdn Bhd and Subscription of Redeemable Preference Shares ("RPS") by Khuan Choo Realty Sdn Bhd issued by Regal Path Sdn Bhd

As disclosed in Note 41 above, during the year, the Group entered into agreements for disposal of Bukit Jalil City Mall, dilution in Amberstraits Sdn Bhd and Subscription of Redeemable Preference Shares ("RPS") by Khuan Choo Realty Sdn Bhd issued by Regal Path Sdn Bhd.

As of the date of approval of these financial statements:

- the conditions precedent as stipulated in SPA have been fulfilled and therefore SPA became unconditional;
- 99,998 new ordinary shares have been issued by Amberstraits and subscribed by Khuan Choo and Jelang Tegas in the agreed proportion;
- a shareholder agreement has been signed between Amberstraits, Khuan Choo and Jelang Tegas;
- a shareholder agreement has been signed between Regal Path, Amberstraits, Khuan Choo, Jelang Tegas and QPBJ;
- RPSs amounting to RM311,255,338 have been issued by Regal Path and subscribed by Khuan Choo, Jelang Tegas and QPBJ amounting to RM80,925,000, RM77,812,500 and RM152,517,838 respectively.

Upon the completion of the above transaction, the Group will hold 51% interest in Amberstraits and 51% effective interest in Regal Path (as at 30 June 2019, Regal Path is a wholly-owned subsidiary of the Group through Amberstraits). However, Amberstraits and Regal Path will not be consolidated, as subsidiaries, in the financial statements of the Group, after taking into consideration, inter-alia, the board and shareholders' reserved matters set out respectively in the Amberstraits Shareholders Agreement and Regal Path Shareholders Agreement, as the Group will not have a sole control (i.e. only one party will not have a control) over Amberstraits and Regal Path in accordance with MFRS 10 - Consolidated Financial Statements. In lieu of the Amberstraits Shareholders Agreement and Regal Path Shareholders Agreement, there will be joint control, therefore, Amberstraits and Regal Path will be considered as Joint Ventures in the Financial Statements of the Group with effect from the next financial year and will be consolidated as such in the consolidated financial statements of the Group in accordance with MFRS 11 - Joint Arrangements.

STATEMENT BY DIRECTORS

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The directors of **MALTON BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2019 and of their financial performance and their cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the directors,

CHUA THIAN TECK

HONG LAY CHUAN

Kuala Lumpur
25 October 2019

DECLARATION BY THE DIRECTOR PRIMARYLY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHUA THIAN TECK**, the director primarily responsible for the financial management of **MALTON BERHAD**, do solemnly and sincerely declare that the accompanying financial statements, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHUA THIAN TECK

Subscribed and solemnly declared by
the abovenamed **CHUA THIAN TECK** at
KUALA LUMPUR this 25th day of October, 2019.

Before me,

COMMISSIONER FOR OATHS

GROUP PROPERTIES

DEVELOPMENT PROPERTIES

Location	Tenure	Initial gross land area	Balance of net land area for development	Usage	Net book value as at 30 June 2019 RM'000	Date of acquisition/ revaluation*
Geran 36409, Lot No. 3783, Mukim and Daerah Klang Selangor	Freehold	387.74 acres	4.63 acres	Mixed development	6,203	26.1.2001*
PN 77546, Lot No. 43001, Pekan Baru Subang, Daerah Petaling, Selangor	Leasehold expiring on 2.10.2101	12.00 acres	10.60 acres	Proposed commercial development	29,062	24.6.2002
Geran No. 123368 Lot 4193 Geran No. 123369 Lot 4194 Geran No. 123370 Lot 4195 Geran No. 31298 Lot 4293 Geran No. 31299 Lot 4294 Geran No. 31300 Lot 4295 Geran No. 31301 Lot 4296 Mukim Cheras District of Ulu Langat Selangor	Freehold	41.73 acres	38.34 acres	Proposed mixed development	17,336	22.8.2006 24.5.2007 30.6.2007
HS(D) 808 & 809 Lot 19 & 20 Mukim of Hulu Terengganu	Leasehold expiring on 15.9.2061	108.49 acres	108.49 acres	Proposed mixed Development	3,509	27.7.2002

GROUP PROPERTIES

(cont'd)

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DEVELOPMENT PROPERTIES (cont'd)

Location	Tenure	Initial gross land area	Balance of net land area for development	Usage	Net book value as at 30 June 2019 RM'000	Date of acquisition/ revaluation*
HS(D) 177909, PT4 Seksyen 27 Bandar Petaling Jaya Daerah Petaling Selangor	Leasehold expiring on 18.08.2101	0.67 acres	0.67 acres	Commercial development	4,600	29.06.2010
HS(D) No. 83257 to 83259, PT No.5223 to 5225, Mukim Bandar Ulu Kelang, Daerah Gombak Selangor	Leasehold expiring on 18.02.2107	55.05 acres	55.05 acres	Proposed mixed development	170,425	10.11.2011

Net book value of the development properties are stated at Group land cost together with the related development expenditure incurred to the ongoing and remaining unsold properties.

* Date of valuation

GROUP PROPERTIES (cont'd)

INVESTMENT PROPERTIES

Location	Tenure	Approximate age of the building year	Net lettable area Sq. Ft	Usage	Net book value as at 30 June 2019 RM'000	Date of acquisition/ revaluation*
Mezzanine Floor Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	35	7,631.62	Office	5,600	30.6.2019*
Level 6 Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	35	8,976.00	Office	6,560	30.6.2019*
Menara Khuan Choo Lot 20021, PN 52798 Seksyen 57 Bandar Kuala Lumpur WP Kuala Lumpur	Leasehold expiring on 11.11.2113	1	68,587.64	Office	130,413	30.6.2019*
Unit 2-111A 2nd Floor, Endah Parade Shopping Mall, Bukit Jalil Kuala Lumpur	Leasehold expiring on 19.2.2083	20	462.00	Retail	130	30.6.2018*
15th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	18	12,989.00	Office	7,500	30.6.2019*
20th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	18	10,060.00	Office	8,000	30.6.2019*
21st & 22nd Floor Menara Liberty 1008, Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	18	21,673.00	Office	12,000	30.6.2019*
L12-21, L12-22, L12-23, Wangsa 118 Jalan Wangsa Delima Wangsa Maju Kuala Lumpur	Leasehold expiring on 19.4.2104	4	8,839.00	Office	4,680	30.6.2019*

* Date of valuation

GROUP PROPERTIES

(cont'd)

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PROPERTY, PLAND AND EQUIPMENT

Location	Tenure	Approximate age of the building year	Net lettable area Sq. Ft	Usage	Net book value as at 30 June 2019 RM'000	Date of acquisition
4th Floor, Wisma Techna, No. 18A Section 51A/223 46100 Petaling Jaya Selangor	Leasehold expiring on 8.9.2067	21	20,342.00	Office	4,700	28.2.2001

STATEMENT OF SHAREHOLDERS

ORDINARY SHARES AS AT 2 OCTOBER 2019

Share Capital	:	RM528,552,632 divided into 528,140,541 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 2 OCTOBER 2019

Size of Shareholdings	No of Holders	Total Holdings	%
Less than 100	52	1,809	#
100 to 1,000	1,572	1,357,732	0.26
1,001 to 10,000	4,723	25,545,113	4.83
10,001 to 100,000	2,774	92,676,544	17.55
100,001 to less than 26,407,027*	456	250,075,849	47.35
26,407,027* and above	3	158,483,494	30.01
	9,580	528,140,541	100.00

Negligible

* 5% of the Share Capital

SUBSTANTIAL SHAREHOLDERS AS AT 2 OCTOBER 2019

Names	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Malton Corporation Sdn Bhd	197,531,489	37.40	-	-
Tan Sri Lim Siew Choon	-	-	197,531,489*	37.40
Puan Sri Tan Kewi Yong	-	-	197,531,489*	37.40

DIRECT AND DEEMED INTEREST OF DIRECTORS IN THE ORDINARY SHARES OF MALTON BERHAD AS AT 2 OCTOBER 2019

Names	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Tan Sri Lim Siew Choon	-	-	197,531,489*	37.40
Guido Paul Philip Joseph Ravelli	-	-	-	-
Puan Sri Tan Kewi Yong	-	-	197,531,489*	37.40
Chua Thian Teck	-	-	-	-
Hong Lay Chuan	-	-	-	-
Hj Ahmad bin Hj Ismail, PJK	-	-	-	-
Dato' Siew Mun Wai	-	-	-	-

* held via Malton Corporation Sdn Bhd

STATEMENT OF SHAREHOLDERS

(cont'd)

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THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 2 OCTOBER 2019

	Names	No of Shares	%
1.	HSBC Nominees (Tempatan) Sdn Bhd (Exempt AN for Credit Suisse)	62,500,000	11.83
2.	RHB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Malton Corporation Sdn Bhd)	56,683,494	10.73
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Malton Corporation Sdn Bhd)	39,300,000	7.44
4.	Malton Corporation Sdn Bhd	20,047,995	3.79
5.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Malton Corporation Sdn Bhd)	19,000,000	3.60
6.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Prinsip Waras Sdn Bhd)	15,500,000	2.93
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt AN for UOB Kay Hian Pte Ltd)	6,369,000	1.21
8.	LTK (Melaka) Sdn Bhd	5,299,500	1.00
9.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc)	4,471,300	0.85
10.	Leong Chao Seong	3,720,300	0.70
11.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for Dimensional Emerging Markets Value Fund)	3,444,400	0.65
12.	Ooi Chieng Sim	3,379,400	0.64
13.	Ambank (M) Berhad (Pledged securities account for Lim Heng Han)	3,338,300	0.63
14.	Seng Siaw Wei	3,300,000	0.62
15.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Prinsip Waras Sdn Bhd)	3,100,000	0.59
16.	CIMB Islamic Nominees (Tempatan) Sdn Bhd (CIMB-Principal Islamic Asset Management Sdn Bhd for Lembaga Tabung Haji)	2,666,000	0.50
17.	Tan Teck Loong	2,601,500	0.49
18.	Heng Song Khoon	2,500,000	0.47

STATEMENT OF SHAREHOLDERS (cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 2 OCTOBER 2019 (Cont'd)

	Names	No of Shares	%
19.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Foo Loke Fu)	2,440,000	0.46
20.	Yeoh Phek Leng	2,146,000	0.41
21.	Kuan Kam Hon @ Kwan Kam Onn	2,117,100	0.40
22.	Lim Tai Soon	2,114,000	0.40
23.	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lee Kim Hooi)	2,059,000	0.39
24.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Chee Chi Yun)	2,005,000	0.38
25.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for DFA Emerging Markets Small Cap Series)	1,964,100	0.37
26.	Lee Ah Beng	1,955,100	0.37
27.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tan Low Shurn)	1,919,000	0.36
28.	Khoo Chai Pek	1,700,000	0.32
29.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for The Hongkong and Shanghai Banking Corporation Limited)	1,595,000	0.30
30.	Wong Kee Hing	1,500,000	0.28
	TOTAL	280,735,489	53.16

NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of MALTON BERHAD ("Company") will be held at Pavilion Hotel Kuala Lumpur, 170, Jalan Bukit Bintang, 55100 Kuala Lumpur on Friday, 22 November 2019 at 9.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

- | | | |
|----|--|-----------------------|
| 1. | To lay the Financial Statements of the Company for the year ended 30 June 2019 together with the Directors' Report and Report of the Auditors thereon | |
| 2. | To approve first and final single-tier dividend of 1.5 sen for every ordinary share of the Company in respect of the financial year ended 30 June 2019 | Ordinary Resolution 1 |
| 3. | To approve the directors' fees, allowances and benefits payable to non-executive directors as set out in the explanatory note for the period from 1 July 2019 until the next Annual General Meeting ("AGM") of the Company | Ordinary Resolution 2 |
| 4. | To re-elect Mr Guido Paul Philip Joseph Ravelli who retires by rotation pursuant to Article 100 of the Company's Constitution and being eligible, offered himself for re-election | Ordinary Resolution 3 |
| 5. | To re-elect Mr Chua Thian Teck who retires by rotation pursuant to Article 100 of the Company's Constitution and being eligible, offered himself for re-election | Ordinary Resolution 4 |
| 6. | To re-appoint Deloitte PLT who have indicated their willingness, as Auditors of the Company, and to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration | Ordinary Resolution 5 |

SPECIAL BUSINESS

- | | | |
|----|-------------------------------------|-----------------------|
| 7. | Authority to allot and issue shares | Ordinary Resolution 6 |
|----|-------------------------------------|-----------------------|

"THAT pursuant to Section 75 and 76 of the Companies Act, 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main Market Listing Requirements") and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby empowered to allot and issue new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total share capital of the Company for the time being AND THAT the Directors be and are also empowered to seek the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. Proposed Renewal of Authority for Share Buy Back

Ordinary
Resolution 7

"THAT, subject to the Act, the Constitution of the Company, the Main Market Listing Requirements and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to allocate an amount not exceeding the retained earnings of the Company available for the purpose of and to purchase such amount of ordinary shares in the Company ("Proposed Renewal of Authority for Share Buy Back") as may be determined by the Directors provided that the aggregate number of shares purchased and/or held as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the total share capital of the Company at the time of purchase.

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the said shares in the following manner:-

- (i) cancel the shares so purchased; or
- (ii) retain the shares so purchased as treasury shares; or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
- (iv) to resell the treasury shares on the Bursa Securities and/or distribute the treasury shares as dividends to the Company's shareholders and/or subsequently cancel the treasury shares or combination of the three;

and in any 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 authority for the time being in force.

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever is the earliest and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things deem fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of Authority for Share Buy Back contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

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|---|-----------------------|
| 9. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Sale of Trading Stock Properties | Ordinary Resolution 8 |
|---|-----------------------|

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to recurrent related party transactions of a revenue or trading nature and with all classes of related parties in respect of sale of trading stock properties as stated in Section 3.4 of the Circular to Shareholders dated 31 October 2019 which are necessary for the Group's day-to-day operations subject to the following:-

- (a) the transactions are in the ordinary course of business and are carried out at arm's length basis on normal commercial terms of Malton Group (Malton and its subsidiaries) and on terms not more favourable to the related parties than those generally available to the public where applicable and not to the detriment of the minority shareholders; and
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the renewal of shareholders' mandate during the financial year based on the following information:-
 - (i) the type of the recurrent related party transactions made; and
 - (ii) the names of the related parties involved in the recurrent related party transactions made and their relationship with the Company.
- (c) and such approval shall be in force immediately upon passing of this resolution until:
 - (i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earliest; and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

10. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Construction Related Services and Project Management Services Ordinary Resolution 9

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to recurrent related party transactions of a revenue or trading nature and with related parties in respect of construction related services and project management services as stated in Section 3.4 of the Circular to Shareholders dated 31 October 2019 which are necessary for the Group's day-to-day operations subject to the following:-

- (a) the transactions are in the ordinary course of business and are carried out at arm's length basis on normal commercial terms of Malton Group (Malton and its subsidiaries) and on terms not more favourable to the related parties than those generally available to the public where applicable and not to the detriment of the minority shareholders; and
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the renewal of shareholders' mandate during the financial year based on the following information:-
 - (i) the type of the recurrent related party transactions made; and
 - (ii) the names of the related parties involved in the recurrent related party transactions made and their relationship with the Company.
- (c) and such approval shall be in force immediately upon passing of this resolution until:
 - (i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (i) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (ii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earliest; and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

11. Proposed Adoption of New Constitution of the Company Special Resolution 1

"THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution as set out in Circular to Shareholders dated 31 October 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities, and to do all such acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

BY ORDER OF THE BOARD

HOR SHIOW JEI
Company Secretary

Kuala Lumpur
Dated: 31 October 2019

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

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Notes:

1. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements, all of the resolutions set out in this Notice shall be put to vote by poll.
2. A member of the Company, entitled to attend and vote, is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, he shall specify in the instrument appointing the proxies the proportions of his shareholdings to be represented by each proxy.
3. The proxy form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, executed under its common seal or by a duly authorised attorney.
4. All proxy forms must be deposited at the Registered Office at 19-0, Level 19, Pavilion Tower, 75, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
5. Only members registered in the Record of Depositors as at 15 November 2019 shall be eligible to attend the Twenty-Fourth Annual General Meeting of the Company or appoint a proxy to attend and vote on his/her behalf.

NOTICE OF DIVIDEND PAYMENT AND BOOK CLOSURE

NOTICE IS HEREBY GIVEN THAT first and final single-tier dividend of 1.5 sen for every ordinary share of the Company in respect of the financial year ended 30 June 2019, if approved by the shareholders of the Company at the Twenty-Fourth Annual General Meeting to be held on Friday, 22 November 2019, will be paid on Tuesday, 31 December 2019 to the shareholders of the Company whose names appear in the Record of Depositors at the close of business on Monday, 2 December 2019.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the depositor's securities account before 4.00 p.m on 2 December 2019 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities..

BY ORDER OF THE BOARD

HOR SHIOW JEI
Company Secretary

Kuala Lumpur
Dated: 31 October 2019

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS AND/OR SPECIAL BUSINESS

ORDINARY RESOLUTION 2

The proposed Ordinary Resolution 2 if passed, will facilitate the payment of Directors' fees, allowances and benefits payable to the non-executive directors of the Company as set out below.

Type of payment	RM
Directors' fees for each month	32,000
Meeting allowance for each meeting for each director	1,000
Benefits	Claimable expenses incurred in carrying out their duties as directors

ORDINARY RESOLUTION 6

Ordinary Resolution 6 is proposed to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion, without convening a general meeting, for the purpose of raising funds for working capital and/or strategic development of Malton Berhad and/or its subsidiaries. This mandate sought is a renewal of the mandate obtained from the shareholders at the Twenty-Third AGM of the Company held on 23 November 2018 which will expire at the conclusion of the Twenty-Fourth AGM of the Company to be held on 22 November 2019.

As at 25 October 2019, the mandate obtained from the shareholders at the Twenty-Third AGM of the Company was not utilised, thus no proceeds were raised from this mandate.

ORDINARY RESOLUTION 7

The proposed Ordinary Resolution 7, if passed, will enable the Company to allocate an amount not exceeding the retained earnings of the Company available for the purchase of ordinary shares in the Company to be determined by the Directors of the Company provided that the aggregate number of shares purchased and/or held as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the total share capital of the Company at the time of purchase. This authority, unless revoked or varied by resolution passed by the shareholders of the Company 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 of the Company is required by law to be held, whichever is earlier.

ORDINARY RESOLUTIONS 8 AND 9

The proposed Ordinary Resolutions 8 and 9, if passed, will enable the Company and its subsidiaries ("Group") to enter into any of the recurrent related party transactions of a revenue or trading nature set out in the Circular to Shareholders of the Company dated 31 October 2019 which are necessary for the Group's day-to-day operations. This authority, unless revoked or varied by resolution passed by the shareholders of the Company 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 of the Company is required by law to be held, whichever is earlier.

SPECIAL RESOLUTION 1

The proposed Special Resolution 1, if passed, will align the Constitution of the Company with the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and/or other applicable laws or regulations or guidelines. The details are set out in the Circular to Shareholders dated 31 October 2019.

PROXY FORM

I/We, _____
(full name in BLOCK)
NRIC No./Company No. _____ of _____
(address)

_____ (address)
being a member of Malton Berhad holding _____

Ordinary Shares hereby appoint _____
(full name in BLOCK)
NRIC No. _____ of _____
(address)

or failing him/her, _____
(full name in BLOCK)
NRIC No. _____ of _____
(address)

_____ (address)

as my/our proxy for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at Pavilion Hotel Kuala Lumpur, 170, Jalan Bukit Bintang, 55100 Kuala Lumpur on Friday, 22 November 2019 at 9.00 a.m. and any adjournment thereof and to vote as indicated below.

RESOLUTIONS		For	Against
Ordinary Resolution 1	To approve first and final single-tier dividend of 1.5 sen for every ordinary share of the Company in respect of the financial year ended 30 June 2019		
Ordinary Resolution 2	To approve the directors' fees, allowances and benefits payable to non-executive directors as set out in the explanatory notes of the Notice of Annual General Meeting for the period from 1 July 2019 until the next Annual General Meeting ("AGM") of the Company		
Ordinary Resolution 3	To re-elect Mr Guido Paul Philip Joseph Ravelli who retires by rotation pursuant to Article 100 of the Company's Constitution and being eligible, offered himself for re-election		
Ordinary Resolution 4	To re-elect Mr Chua Thian Teck who retires by rotation pursuant to Article 100 of the Company's Constitution and being eligible, offered himself for re-election		
Ordinary Resolution 5	To re-appoint Messrs Deloitte PLT who have indicated their willingness as Auditors of the Company, and to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 6	Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 7	Proposed Renewal of Authority for Share Buy Back		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Sale of Trading Stock Properties		
Ordinary Resolution 9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Construction Related Services and Project Management Services		
Special Resolution 1	Proposed Adoption of New Constitution of the Company		

Please indicate with an "X" in the relevant boxes for each resolution. Unless voting instructions are indicated as above, the proxy may abstain from voting as he/she deems fit.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No of shares	%
Proxy 1		
Proxy 2		

Signature(s) /Common Seal of member (s)

Date:

Notes:

- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all of the resolutions set out in this Notice shall be put to vote by poll.
- A member of the Company, entitled to attend and vote, is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, he shall specify in the instrument appointing the proxies the proportions of his shareholdings to be represented by each proxy.
- The proxy form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, executed under its common seal or by a duly authorised attorney.
- All proxy forms must be deposited at the Registered Office at 19-0, Level 19, Pavilion Tower, 75, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
- Only members registered in the Record of Depositors as at 15 November 2019 shall be eligible to attend the Twenty-Fourth Annual General Meeting of the Company to be held on (date) or appoint a proxy to attend and vote on his/her behalf.

Please fold here

AFFIX
STAMP

THE COMPANY SECRETARY
MALTON BERHAD (320888-T)
19-0, Level 19, Pavilion Tower
75, Jalan Raja Chulan
50200 Kuala Lumpur
MALAYSIA

Please fold here



www.malton.com.my

Malton Berhad (320888-T)
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75, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Tel No. : 03-2088 2888
Fax No. : 03-2088 2999