



ANNUAL REPORT

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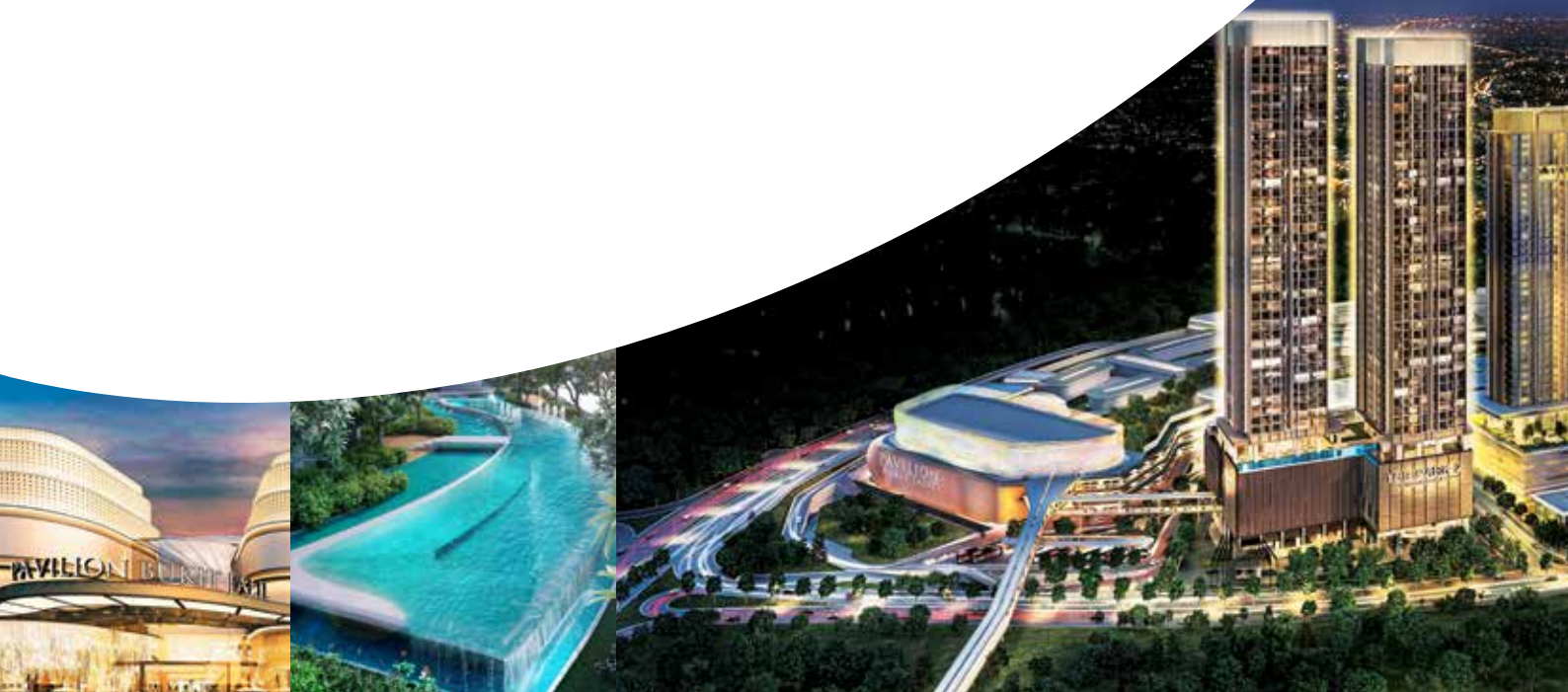


VISION

- 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 2017

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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

Lim Siew Fai
Managing Director

Chua Thian Teck
Executive Director

Puan Sri Tan Kewi Yong
Executive Director

Hong Lay Chuan
Executive Director

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

Tan Peng Sheung
Independent Non-Executive Director

AUDIT COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Tan Peng Sheung
Member

Hj Ahmad bin Hj Ismail, PJK
Member

NOMINATING COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

Tan Peng Sheung
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
CIMB Bank Berhad
Industrial and Commercial Bank of
China (Malaysia) Berhad
Malayan Banking 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

MALTON
BERHAD

and subsidiaries



BOARD OF DIRECTORS

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TAN SRI LIM SIEW CHOON

Malaysian Male/ Non-Independent Non-Executive Chairman

Tan Sri Lim Siew Choon, age 57, 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 34 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 all five board meetings held during the financial year ended 30 June 2017. 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. His sibling, Mr Lim Siew Fai, is the Managing Director 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 page 28 and Related Party Transactions and Balances in the Financial Statements which appear on pages 103 to 105 of this Annual Report.

He is a major shareholder of Malton Berhad. His interests in the securities of Malton Berhad are set out in the Statement of Securities Holders which appear on pages 131 to 136 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 66, 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 is also sits on the Board of Directors of Ibraco Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad.

He attended all five board meetings held during the financial year ended 30 June 2017. 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)

LIM SIEW FAI

Malaysian Male/Managing Director

Mr Lim Siew Fai, age 50, graduated with a Bachelor of Science degree in Electrical Engineering (First Class Honors) from the State University of New York at Buffalo, New York in 1991. Subsequently in 2000, he received his Masters in Business Administration (MBA) from Universiti Sains Malaysia, Penang. He began his career with Motorola Technology Sdn Bhd, a Multi National Company (MNC) in 1991 and his last posting with Motorola was as a Regional Electronics Manufacturing Services Operations Director based in Singapore. In early 2014, he joined Impian Ekspresi Sdn Bhd as a Special Projects Director for the redevelopment of Damansara Town Centre, a multi billion Ringgit mixed development project. He brings along with him a wealth of regional management expertise from his 22 years' experience in a MNC and coupled with his involvement in property development, his exposure is valuable to the Group's property development in terms of cost, quality and delivery performances.

He was appointed Managing Director of Malton Berhad on 15 December 2015. He attended all five board meetings held during the financial year ended 30 June 2017.

He is a sibling of Tan Sri Lim Siew Choon, Non-Independent Non-Executive Chairman and major shareholder of Malton Berhad. He does not have any conflict of interest with Malton Berhad. His interest in the securities in Malton Berhad is set out in the Statement of Securities Holders which appear on pages 131 to 136 of this Annual Report. He has no conviction for offences within the past 5 years.

PUAN SRI TAN KEWI YONG

Malaysian Female/Executive Director

Puan Sri Tan Kewi Yong, age 61, pursued her tertiary education in the United Kingdom specializing in Business Studies. With more than 30 years of experience in marketing, finance and human resources management, she has been instrumental in setting up various successful business ventures. Her initial involvement was in the business of trading and distribution line and over the years, has extended to the areas of business development and marketing in property development and real estate investment.

She was appointed an Executive Director of Malton Berhad on 19 February 2002. She attended all five board meetings held during the financial year ended 30 June 2017. 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 Recurrent Related Party Transactions which appear on page 28 and Related Party Transactions and Balances in the Financial Statements which appear on pages 103 to 105 of this Annual Report. She does not hold any securities in Malton Berhad other than the disclosures made in the Statement of Securities Holders which appear on pages 131 to 136 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 58, is a Fellow Member of the Association of Chartered Certified Accountants. He has more than 29 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 five board meetings held during the financial year ended 30 June 2017. 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 securities in Malton Berhad. He has no conviction for offences within the past 5 years.

BOARD OF DIRECTORS

(cont'd)

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HONG LAY CHUAN

Malaysian Male/Executive Director

Mr Hong Lay Chuan, age 59, holds a Bachelor of Science degree in Housing, Building & Planning. His 35 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 five board meetings held during the financial year ended 30 June 2017. 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 securities 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 75, graduated with an Honours Degree in Malay Studies from Universiti Malaya in 1974. Upon graduation, he served as a lecturer of Malay Studies at the 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 five board meetings held during the financial year ended 30 June 2017. 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 securities in Malton Berhad. He has no convictions for offences within the past 5 years.

TAN PENG SHEUNG

Malaysian Male/Independent Non-Executive Director

Mr Tan Peng Sheung, age 64, is an Associate Member of the Chartered Institute of Management Accountants (CIMA) and registered as a Chartered Accountant with the Malaysian Institute of Accountants (MIA). He started his accountancy and audit career with Price Waterhouse & Co., and since then had acquired more than 36 years of valuable corporate experience in companies which straddle a diverse range of business and industry sectors, including insurance and financial services, property development, manufacturing, trading, confectionery, F&B, specialty and consumer retailing. His experience as Chief Financial Officer of a large retail chain of stores, to director/ senior management level of operating companies, some of which are successful joint venture franchise establishments, has provided valuable dimension to the advisory and consulting projects he developed and managed, both on a regional and global basis.

He was appointed an Independent Non-Executive Director of Malton Berhad on 6 March 2008. He is a member of the Audit Committee and Nominating Committee. He is also a member of the Institute of Internal Auditors Malaysia. He attended all five board meetings held during the financial year ended 30 June 2017. 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 securities in Malton Berhad. He has no conviction for offences within the past 5 years.

CHAIRMAN'S STATEMENT

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" or "Company") for the financial year ended 30 June 2017 ("FY2017").

OPERATING BACKGROUND

The Malaysian economy recorded a growth of 4.2% (2015: 5.0%) in 2016 despite considerable external and domestic headwinds. The global economic landscape was challenging given the subdued global demand and low commodity prices. Domestically, the economy continued to face headwinds from the higher cost of living amid soft employment conditions (Source: Bank Negara Malaysia Annual Report 2016). The Malaysian economy recorded a stronger growth of 5.8% in the second quarter of 2017 (1Q 2017: 5.6%). Private sector spending continued to be the main driver of growth. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.3% (1Q2017: 1.8%) (Source: *Quarterly Bulletin – Second Quarter 2017, Bank Negara Malaysia*).

In 2016, the property market continued to soften. There were more than 320,000 transactions worth RM145.4 billion, recording a decline of 11.5% in volume and 3.0% in value against 2015. Residential sub-sector continued to drive the overall market with 63.4% contribution in volume and 45.1% in value. As market continued to soften, the number of new launches declined to nearly 53,000 units, reduced by 9.8% compared to more than 58,000 units in 2015. (Source: *Press Release on Malaysian Property Market 2016, National Property Information Centre*). House prices in Malaysia continued to grow at a more moderate pace of about 7% during the third quarter of 2016, while the preliminary growth figure for the Malaysian House Price Index was 5.5% for the final quarter of 2016. Demand for affordable housing remains strong, with about 60% of new housing loan approvals for the purchase of houses priced below RM500,000. In the first quarter of 2017, housing loan approval rates remain high at 74.2% (4Q2016: 75.2%). (Source: *Quarterly Bulletin – First Quarter 2017, Bank Negara Malaysia*).

The construction sector recorded 8.7% moderate growth in 2016 (2015: 8.2%). The faster pace of expansion in the civil engineering and residential sub-sectors was partially offset by a decline in non-residential activity. Activity in the residential sub-sector was supported by large property launches in the previous years while growth in the special trade sub-sector continued to be supported by early and end-works activity. Growth in the non-residential sub-sector, however was weighed down by slower activity in the commercial property segment amid the oversupply of office and retail space (Source: *Bank Negara Malaysia Annual Report 2016*). In the second quarter of 2017, the construction sector continued to register a strong growth of 8.3% (Q2 2016: 8.9%) reinforced by higher civil engineering activities. The non-residential subsector rebounded to 6.7% (Q2 2016: -0.6%) underpinned by industrial-related projects, particularly in Klang Valley. The residential buildings subsector moderated at 2.1% (Q2 2016: 9.2%) attributed to lower construction of affordable housing projects, particularly in Klang Valley and Perak (Source: *Quarterly Update on the Malaysian Economy - 2nd Quarter 2017, Ministry of Finance Malaysia*).

CORPORATE DEVELOPMENT

On 1 December 2016, the Company, via its subsidiary Regal Marvel Construction Sdn Bhd, had cumulatively subscribed for a total 7,100,000 new Redeemable Preference Shares ("New RPS") in Memang Perkasa Sdn Bhd ("MPSB"), a 51%-owned subsidiary of Malton for a total cash consideration of RM39.05 million for the purpose of redeeming 7,100,000 existing Redeemable Preference Shares ("Existing RPS") held by Tegap Dinamik Sdn Bhd ("TDSB"). Prior to the redemption of the Existing RPS, there were 40,000,000 Existing RPS held by TDSB. The Company intends to subscribe for up to a maximum of 20,400,000 New RPS for the purpose of redeeming up to 20,400,000 Existing RPS, which would result in Malton holding 51% of the total Redeemable Preference Shares ("RPS") in MPSB, whilst TDSB will hold the balance 49% of the total RPS in issue, to reflect the existing ordinary shareholding of Malton in MPSB.

CHAIRMAN'S STATEMENT

(cont'd)

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On 23 June 2017, the Company announced that Layar Raya Sdn Bhd ("LRSB"), a wholly-owned subsidiary of Malton had entered into a Joint Venture Agreement ("JVA") with Fame Action Sdn Bhd ("FASB"), a wholly-owned subsidiary of Global Oriental Berhad, for the purpose of developing seven (7) pieces of freehold land, all situated in Mukim of Cheras, Daerah Ulu Langat, Selangor ("Lands") owned by LRSB. FASB shall carry out a mixed development on the Lands ("Development") at its absolute discretion subject to LRSB being entitled to eighteen percent (18%) of the net development value of the Development which shall not be less than RM65 million pursuant to the terms and conditions set out in the JVA.

DIVIDENDS

Malton 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 2.5 sen per ordinary share for FY2017. This is subject to shareholders' approval in the upcoming Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY

At Malton, we continue to engage with our communities throughout the year to make a positive contribution to our society while pursuing sustainability to create value for our various stakeholders. We invest in community-based charities and programmes supporting social welfare, education, healthcare and sports particularly those that make a difference to the lives of underprivileged people.

Through concerted efforts and volunteerism among employees, we feted 30 children from Ephratha home to a Christmas celebration at Pavilion Kuala Lumpur shopping mall. It was their first experience viewing the tallest Christmas tree in town, riding the Swarovski Christmas carousel and watching movie in a cinema. Apart from giving them a memorable experience, every child received a school bag and other back to school items for the 2017 school year. As the home needed a larger space to run extra activities for the children, Malton equipped the home with an awning, lights and fans for the home.

We believe that education is vital in improving quality of life for individuals in local communities. In helping to realise their aspirations, we offered financial aid to needy students. Malton also continues to lend its support and assistance to various worthy causes including the 8th Gold Ribbon Grant-A-Wish Campaign on Universal Children's Day, The Bursa Bull Charge and Malaysia Chinese Women Entrepreneur amongst others.

The Group (Malton and subsidiaries) 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.

CHALLENGES AND PROSPECTS

The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4.2%) with nominal Gross National Income per capita increasing 5% to RM39,699 (2016: 4.8%). Economic growth will be underpinned by strong domestic demand especially private sector expenditure. Private sector activity will be supported by pro-growth fiscal and accommodative monetary policies in an environment of stable inflation, which is projected to range between 2% and 3% (2016: 2% - 2.5%). Meanwhile, public sector expenditure will be driven mainly by higher capital investment by public corporations (*Source: Economic Report 2017/2017, Ministry of Finance Malaysia*).

The property market is expected to remain soft in the next couple of years, supported by the various property-related incentives and accommodative monetary policy. (*Source: Press Release on Malaysian Property Market 2016, National Property Information Centre*). Nonetheless, activities in the housing market have shown some signs of a pick-up in the first quarter of 2017, with total housing transaction value recording a positive annual growth of 0.9% (4Q 2016: -11.6%), the first time since 2015. Housing transaction volume has also showed improvement, recording a smaller contraction of 5.4% (4Q 2016: -12.7%). (*Source: Quarterly Bulletin – Second Quarter 2017, Bank Negara Malaysia*).

CHAIRMAN'S STATEMENT (cont'd)

The construction sector is projected to grow 8.3% (2016: 8.7%) mainly supported by the commencement of large infrastructure projects such as MRT Sungai Buloh – Serdang – Putrajaya Line, Pan Borneo Highway, Sungai Besi – Ulu Klang Elevated Expressway and Damansara – Shah Alam Elevated Expressway. The residential subsector is projected to expand driven by affordable housing programmes, particularly 1Malaysia Civil Servants Housing. Meanwhile, the non-residential subsector is expected to benefit from the mixed development mainly in Klang Valley, Johor and Pahang. *(Source: Economic Report 2016/2017, Ministry of Finance, Malaysia).*

Moving forward, the Group's prospects will be supported by its unbilled sales of RM1.1 billion. This new unbilled sales will provide the Group with good earnings visibility over the next few years. With an estimated gross development value ("GDV") of RM9.2 billion, the remaining prime landbanks in Klang Valley and Johor are expected to support the Group's growth over the next 8 years. Barring unforeseen circumstances, the Group plans to launch the final tower of The Park 2, Bukit Jalil City and two new projects with a total GDV of approximately RM1.2 billion in the current financial year ending 30 June 2018. Launched in August 2017, the final tower of The Park 2 (Tower 2) enjoyed a strong take-up rate, while Duta Park comprising 1,376 units of serviced apartments and Villa 22 Bukit Rimau comprising 22 units of semi-detached houses and bungalows will be launched soon. On the same note, the Group will continue to search for more strategic land bank to replenish the existing acreage, especially in Klang Valley and Johor.



Artist Impression of Duta Park, Jalan Kuching

Our Board of Directors together with the management team will be conservative in our planning and pricing strategies for all of our new property launches and when securing new construction contracts in the coming year to enable our Group's revenue and earnings base to remain stable and sustainable moving forward.

Barring unforeseen circumstances, we envisage the Group will achieve satisfactory results in the ensuing financial year.

CHAIRMAN'S STATEMENT

(cont'd)

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ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our appreciation to the management team and all our staff for their dedication and contributions to the Group. I would also like to thank our esteemed customers, suppliers, business associates, bankers, various regulatory authorities, media and our loyal shareholders for the continued support and confidence in us.

To my fellow Board members, I would also like to personally thank you 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
23 October 2017

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Listed on the Main Board of Bursa Malaysia in 2002, Malton Berhad 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 buyers. The Group's core businesses include property development, construction and project management.

In a year of economic challenges, Malaysia continued to manage risks from heightened volatility in the local and global markets, higher construction costs and a weak ringgit throughout 2016. The Malaysian's property landscape was impacted by the more subdued property industry outlook, depreciation of the ringgit, higher cost of goods, stringent lending policies and weakened consumer sentiment. However, domestic financial stability remains preserved and well supported by sound institutions and orderly financial market conditions.

The Group identified specific drivers of market demand while managing risks in order to stay resilient. For the financial year ended 30 June 2017 ("FY 2017"), we achieved higher property sales of RM605.0 million, an increase of 45% in comparison to last financial year. In tandem with the rising new sales, the Group recorded unprecedented unbilled sales of RM1.1 billion in FY2017.

The higher property sales were contributed by ongoing and completed projects which account for 94% and 6% respectively. Ongoing projects include Bukit Jalil City, namely Signature Shop Offices, The Park Sky Residence and The Park 2, SK 1 Residensi and Rapid City Centre. Completed projects comprised Nova Saujana, Amaya Maluri shop offices and The Cantonment, a high-rise residential development in Penang.

On the construction segment, the Group has secured approximately RM1.49 billion worth of contracts with RM859 million of outstanding order book in FY2017. Pavilion Damansara Heights and Royale Pavilion Hotel are the main ongoing construction contracts for the Group, with contract values of RM703 million and RM208 million respectively.

Property development segment continues to be a key growth driver for the Group. The property industry has been one of the most dynamic and competitive industries in the last few years. With a market that is constantly evolving, the Group remained market-driven while leveraging its expertise in integrated developments and sustainable value creation. In addition, we focus on safety, value engineering and sustainable technology such as Industrialised Business Systems ("IBS") to achieve lower cost, timely completion of projects and healthy working environment, yet delivering high quality end products to customers.

FINANCIAL REVIEW

Notwithstanding the challenging market environment, the Group has delivered commendable performance for FY2017. The Group achieved a new record high in profit before tax ("PBT") of RM114.7 million on the back of revenue totalling RM830.7 million. This represented an increase of 61.1% in PBT and 31.4% in revenue over the preceding year. The growth in revenue to a new record high was mainly contributed by the property segment while construction segment saw a marginal decline in FY 2017. Correspondingly, the Group's higher PBT was in line with the stronger contribution from its property division and positive effects of cost saving measures and value engineering undertaken by the construction division, albeit marginally lower margins recorded by both divisions. Consequently, profit after tax ("PAT") for the Group surged by 74.1% to RM63.2 million from RM36.3 million reported in the previous financial year and earnings per share also improved by 67.4% to 13.59 sen from 8.12 sen in the previous financial year.

The Property Development remained the key contributor to the Group's performance. Revenue grew 45.0% to RM605.0 million while PBT improved by 3.9% to RM74.2 million in FY2017. This was boosted by the completion and sale of the remaining units of the Signature Shops and initial recognition of revenue from Tower 1 of The Park 2 Residence in Bukit Jalil City. The lower rate of increase in the profit before tax as compared to the revenue was mainly due to higher material and labour costs for the The Park Sky Residences at Bukit Jalil City and impairment loss of certain of the Group's investment properties and inventories.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

FINANCIAL REVIEW (cont'd)

Revenue of our Construction and Project Management Division remained stable at RM209.4 million, just 2.3% lower than RM214.4 million in the previous financial year. This was due to the completion of the KPM Lumut project towards the end of the previous financial year. Nonetheless, PBT of the division rose by 115.8% from RM22.0 million to RM47.4 million, which was mainly attributed to cost savings measures and value engineering undertaken by the division.

During the current financial year, shareholder's equity grew by 17.8% to RM870.1 million from RM738.5 million on higher retained profits.

ENHANCEMENT INITIATIVES

The Group continued to build its competitive edge and has made good progress in implementing several initiatives to enhance its brand, quality and workforce retention. The Group revisited and revamped its corporate website to align with its current brand positioning while ensuring a seamless online experience for its customers. This mobile-friendly corporate website enables customers to search latest information about the Group or product via their mobile phone anytime, anywhere. Reports showed that Malaysia has a large young population and recent trends indicate that more and more purchasers are from the younger segment who are internet-savvy home owners.

To further strengthen its core processes and standardise all document requirements, the Group is gearing towards the new MS ISO 9001:2015 Quality Management System ("QMS") accreditation. It enables the Group to ensure that its processes are adequately monitored and managed, at the same time to identify opportunities for business improvement. In addition to the QMS, the Group has also set its own benchmark through its commitment to the Quality Assessment System in Construction ("QLASSIC") for all the medium to high-end development projects within the Group. This commitment has been set as an operating policy and implemented by the Group, effective August 2017.

In order to remain at the forefront of today's competitive market, the Group recognises that our relentless efforts in casting "Built-In Quality" into our well-designed products shall be strengthened with continuous staff training and education. A series of workshops were held with the management and team throughout the months. We have progressively raised staff awareness and competencies in quality and technical aspects, through planned internal workshops, sharing sessions, and technical seminar facilitated by industry specialist.

At the same time, we acknowledge the importance of growing the competencies of our contractors through a series of internal trainings which sets new quality workmanship benchmarks to our contractors. This continuous sharing, learning process has challenged our business partners (e.g. contractors and consultant teams) to constantly excel and deliver beyond our customer expectations. The Group has also adopted an effective and structured approach to collect feedback, analyse and act further to eliminate defects and prevent recurrence of the same causes of customer complaints in our future developments.

The QMS aligns perfectly with the Group's existing values and management processes which will continuously drive the Group's quality improvement for its customers and stakeholders. This will provide the Group a competitive advantage, elevate growth and steer the Group to the next level as we work towards innovation and sustainable value creation through our strong commitment to quality.

As part of the Group's efforts to retain, motivate and reward its employees, a total of 16,115,000 option shares were offered to the directors and employees of the Group at RM0.80 pursuant to the ESOS.

In line with the Group's strategic and operational objectives, we believe these initiatives will strengthen our business, quality, brand visibility and ultimately enable the Group to adapt to constant changes in the market place, consumer sentiment and manage demand.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

PROPERTY DEVELOPMENT

Sales for the year under review were contributed by the ongoing projects 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 billion and comprises three phases namely, Pavilion Bukit Jalil Mall and Signature Shops (Phase 1), The Park Sky Residence and The Park Point Shop Offices (Phase 2) and The Park 2 (Phase 3). Apart from offering the 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 public park nearby. The iconic Pavilion Bukit Jalil Mall, a regional mall is set to redefine the skyline of Bukit Jalil when the entire development is fully completed by 2021.

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.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

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PROPERTY DEVELOPMENT (cont'd)

Signature Shop Offices

June 2017 marked the completion of the first phase of Bukit Jalil City, whereby 112 shop offices were successfully handed over to shop owners. Launched in 2014, the 3/5 storey shop offices were fully sold and recorded a total of RM542 million sales value in FY2017. Fitted with full glass façade, individual lifts and ample parking lots directly connected to the shops via escalators and lifts, business owners will enjoy the first mover advantage with immediate catchment of residents nearby at this newly completed commercial hotspot and premier business address.



The Park 2

The Park 2 is the final residential development which carries an estimated GDV of RM672 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 apart from a pedestrian bridge connecting them to the park. Other exclusive amenities include two separate lobbies in each tower with 9 and 7 lifts serving 10 and 8 units per floor respectively.

Launched in March 2017, the 50-storey Tower 1 received good response from repeat buyers and registered a total sales value of RM234 million in FY2017.



MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

PROPERTY DEVELOPMENT (cont'd)

The Park Sky Residence

Launched in 2015, The Park Sky Residence comprises 1,098 units of luxury serviced apartments and 44 units of Park Point 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 1565 sq ft which set a new pricing benchmark in Bukit Jalil area. Fronting the soon to be completed 100 feet dual carriage road leading in and out of Bukit Jalil City, The Park Point shop offices beneath the serviced apartments will enjoy high visibility with busy traffic from Keras highway and Old Klang road.

Since its launch in 2015, The Park Sky Residence and Park Point shop offices achieved a healthy take up rate of 91% and 55% respectively with a cumulative sales of RM1,069 million in FY2017.



SK 1 RESIDENSI

SK 1 Residensi is the latest addition to the vibrant and colourful Seri Kembangan skyline. Sitting on a 3.4-acre freehold land, this mixed development comprises 429 units of serviced apartments and 31 units of retail lots with a GDV of RM210 million.

Launched in March 2014, the project achieved a total sales value of RM205 million in FY2017. The development was completed with vacant possession delivered to our purchasers in August 2017.



MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

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PROPERTY DEVELOPMENT (cont'd)

RAPID CITY CENTRE, JOHOR

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

Phase 1 of Rapid City Centre comprises 60 units of 2-storey shop offices with an estimated GDV of RM66.0 million. Since its launch in March 2015, a total of RM54 million sales value was recorded in FY2017. The commercial shop offices are expected to be completed and handed over to purchasers by December 2017.



UPCOMING PROJECTS

THE PARK 2

The successful sell-out of Tower 1 of The Park 2 in Bukit Jalil City had prompted the Group to bring forward the release of its Tower 2, in August 2017. Being the final residential tower, the Group is confident to achieve healthy sales in the coming financial year. Sitting on a 2.5-acre freehold land, the 52-storey high Tower 2 consists of 324 units of serviced apartments with an estimated GDV of RM328 million. It offers built-ups ranging from 750 sq ft to 1570 sq ft with efficient layouts of 1+1 bedroom, 2+1 bedrooms and a dual key unit of 3+1 bedrooms to suit individuals and big families. Every unit comes with fully-equipped high quality kitchen fittings.

As at September 2017, 39% of the 324 units in Tower 2 were sold.

DUTA PARK

Duta Park, a high-rise residential development comprising 1,376 units of serviced apartments has an estimated GDV of RM865 million. Strategically located close to Kuala Lumpur city centre, Duta Park is easily accessible via Jalan Kuching highway with a secondary access through Jalan Sultan Azlan Shah (formerly known as Jalan Ipoh). Standing tall in the centre of connectivity, convenience and city attractions, this iconic city skyline overlooks the lush greens of Bukit Tunku. 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. It is scheduled for launch in FY2018.

VILLA 22

Located in Bukit Rimau, one of the Group's pioneer mixed development township on 358 acres in Shah Alam, VILLA 22 is the last piece of residential development. Sitting on a small and last parcel of 3.2-acre freehold land, this development carries an estimated GDV of RM55 million. Being the final development in the well-established and connected township of Bukit Rimau, VILLA 22 purchasers will enjoy abundance of amenities and facilities within the township. This residential development is slated for launch in FY2018.

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

CONSTRUCTION AND PROJECT MANAGEMENT DIVISION

The major on-going and completed construction projects undertaken by the Division during the financial year under review are set out below:

DA:MEN @ USJ 1, SUBANG
(Total Contract Value : RM426 million)



Located at USJ 1 in Subang, Da:Men is a mixed retail, commercial and residential development project comprising 2 tower blocks of 480 units of service apartments, 68 units of 5/6-storey shop offices and a 6-storey retail shopping mall.

The construction of the shop offices and shopping mall was completed during previous financial year and the construction of the service apartments was completed in December 2016.

THE ROYALE PAVILION HOTEL
(Total Contract Value: RM208 million)



The Royale Pavilion Hotel comprises a 12-storey tower housing 318 units of hotel rooms on top of the Pavilion Kuala Lumpur Shopping Mall.

Construction works commenced in the second quarter of 2015 and with additional upgrading works, completion is now slated for the second quarter of 2018.

GALLERIA @ TAMAN EQUINE
(Total Contract Value: RM93 million)



Galleria @ Taman Equine is a Small Office Home Office (SOHO) development sited at Taman Equine in Seri Kembangan, Selangor. This project comprises a 6-storey car park podium with 504 units SOHO housed in one block of 18-storey building complete with common facilities.

The main building works was completed in June 2017.

PAVILION DAMANSARA HEIGHTS
(Total Contract Value: RM703 million)



This prestigious integrated project comprises 10 blocks of corporate towers and 4 blocks of serviced residences on top of a four-level retail shopping on the existing Damansara Town Centre site in Damansara Heights, Kuala Lumpur. The development also includes eight levels of basement car park.

Domain Resources Sdn Bhd has been appointed the Management Contractor for the sub-structure works worth RM703 million. The site clearing and demolition works of the existing buildings have been completed. The basement works are currently in progress and the overall sub-structure works are anticipated to be completed by early 2019.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

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TAMAN PERUMAHAN YAYASAN ISLAM KELANTAN (YIK) (Total Contract Value: RM166 million)



Domain Resources Sdn Bhd has been appointed the Project Development Manager and Main Contractor for this mixed development project located in Kota Bharu, Kelantan. The development comprises affordable houses, single and double storey terrace houses, 2-storey semi-detached houses, 2-storey bungalows and 2-storey shop houses.

Earth works for Phase 1 has been completed and the main building and infrastructure works for Phase 1 (Zone 1) commenced in June 2017 and is expected to be completed by the first quarter of 2019.

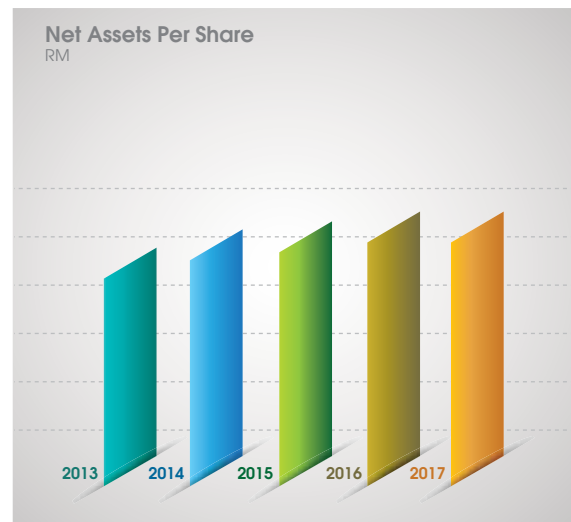
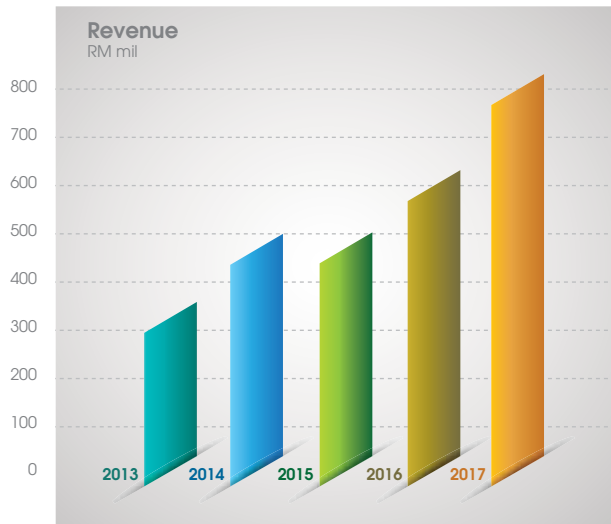
PAVILION CEYLON HILL (Total Contract Value: RM51 million)



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

Domain Resources Sdn Bhd has been appointed the contractor for the sub-structure works. Works commenced in March 2017 and is anticipated to be completed by the third quarter of 2018.

GROUP FINANCIAL HIGHLIGHTS



Year Ended 30 June	2017	2016	2015	2014	2013
Revenue (RM'000)	830,739	632,216	503,444	500,300	359,179
Profit Before Taxation (RM'000)	114,665	71,201	75,700	79,853	50,153
Profit After Taxation (RM'000)	63,181	36,315	45,847	52,043	35,387
Total Comprehensive Income Attributable to Owners of the Company (RM'000)	63,286	37,272	45,906	51,884	35,567
Share Capital (RM'000)	528,176	448,416	448,416	422,550	418,104
Equity Attributable to Equity Holders of the Company (RM'000)	870,142	738,497	714,677	659,326	612,424
Total Assets (RM'000)	2,596,316	2,101,400	1,575,576	1,298,096	1,006,757
Basic Earnings Per Share (Sen)	13.59	8.12	10.47	12.42	8.46
Net Assets Per Share (RM)	1.65	1.65	1.59	1.56	1.46

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors of Malton Berhad ("Board") recognizes that good corporate governance and practices in its business conducts is necessary for business growth and enhancement of shareholders' value. Essentially, the Board is committed to ensuring that high standards of corporate governance are maintained throughout Malton Berhad ("Malton" or "Company") and its subsidiaries ("Group"). The Board supports the principles set out in the Malaysian Code on Corporate Governance 2012 ("Code") and is pleased to outline the manner in which the Group has applied the principles set out in the Code and observed the recommendations set out in the Code where applicable and where appropriate, applied alternative practices and reasons for the financial year ended 30 June 2017.

Principle 1 – Establish clear roles and responsibilities of the Board and Management

The Board knows the importance of its roles and responsibilities in discharging its fiduciary duties and leadership functions in managing the businesses of the Group. The Board together with Management, through Discretionary Authority Limits and Standard Operating Procedures, have established the division of roles and functions in managing the Group. The Board as a whole is responsible for setting goals and objectives for the Group, planning and managing the businesses of the Group. Management is responsible for the effective implementation of the goals and objectives for the Group and the day-to-day operations of the businesses.

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

- Make and review strategic and sustainable plans for the Group's businesses which include property development, construction and project management and also property investment.
- Oversee the conduct of the Group's business, ensuring that code of conduct and values endorsed by the Board are practiced throughout the Group. The Board together with Management will ensure that Standard Operating Procedures and the policies and guidelines set out in the Discretionary Authority Limits are observed.
- Identify principal risks which could affect the Group and ensure the implementation of appropriate internal controls and mitigating measures.
- Succession planning for the continuous growth and smooth operation of the business of the Group.
- Oversee the development and implementation of shareholders communication policy for the Group for effective communication with shareholders and other stakeholders.
- Review the adequacy and integrity of the management information and internal control systems of the Group.
- Formalize Standards of Ethics and policies through a code of conduct for the Group and ensure the implementation of the policies and compliance throughout the Group.

The Board as a whole with the Managing Director at the helm, is primarily responsible for the vision and strategic direction of the Group. The Managing Director together with the Executive Directors are responsible in overseeing the overall implementation of objectives and business plans for the Group in accordance with the code of conduct approved by the Board. Management is responsible in assisting the Board on the execution of business plans and the day-to-day operations of the Group.

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.

The Board has established Board Committees as set out below, each with its own functions and responsibilities, to assist the Board in discharging various areas of its duties.

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

Each Committee functions in accordance with its terms of reference approved by the Board. Matters deliberated by the Committees are reported to the Board. On matters that require the Board's approval, each Committee is required to prepare comprehensive commentary in timely manner for review of the Board.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Principle 1 – Establish clear roles and responsibilities of the Board and Management (cont'd)

The Board has established in the Discretionary Authority Limits, clear functions reserved for its deliberation and decisions and those delegated to Management. Key areas that require the Board's approval include:-

- Corporate plans and new ventures
- Transactions relating to major shareholders and directors
- Material acquisitions and disposal of assets
- Investment in capital projects
- Risk management policies
- Announcement to Bursa Malaysia Securities Berhad

The Directors in their individual capacity or the Board as a whole, in furtherance of their duties, are entitled to independent professional advice, if and when they deem necessary, on Company's expense. The Board has established the policies and procedures for Directors on seeking independent advice.

The Board has unrestricted access to the advice of the Company Secretary on governance and regulatory requirements. The Board recognizes the importance of role of the Company Secretary in supporting the Board by advising and ensuring regulatory compliance and good governance and also board policies and procedures. The Company Secretary must have the necessary qualification recognized by the relevant regulatory authorities and experience in carrying out the role and responsibilities of advising the Board and other duties. Presently, the Company Secretary of Malton is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators.

Principle 2 – Strengthening Composition

Board Composition

Malton is led by a team of experienced directors. Each director comes from different professional background bringing depth and diverse areas of expertise, a wide range of experience and knowledge to the business strategies and operations of the Group.

Tan Sri Lim Siew Choon was redesignated from Executive Chairman to Non-Independent Non-Executive Chairman of Malton Berhad on 3 January 2017. Presently, the Board comprises four (4) executive directors, one (1) non-independent non-executive director and three (3) independent non-executive directors as set out below.

Name	Directorship
Tan Sri Lim Siew Choon (Chairman)	Non-Independent and Non-Executive
Guido Paul Philip Joseph Ravelli (Deputy Chairman)	Independent and Non-Executive
Lim Siew Fai (Managing Director)	Executive
Puan Sri Tan Kewi Yong	Executive
Chua Thian Teck	Executive
Hong Lay Chuan	Executive
Hj Ahmad bin Hj Ismail, PJK	Independent and Non-Executive
Tan Peng Sheung	Independent and Non-Executive

The profiles of the Directors are set out on pages 5 to 7 of this Annual Report.

The present composition of the Board complies with the requirement of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main Market Listing Requirements") which prescribes that at least two (2) directors or one-third of the board of directors, whichever is higher, are independent. There is balance in the board as each independent director brings invaluable judgement to bear on issues of strategy, performance, allocation of resources, risk management, internal controls and standards of conduct. In the opinion of the Board, the minority shareholders are well represented by the presence of the current independent non-executive directors who are highly capable and credible.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

Principle 2 – Strengthening Composition (cont'd)

Nominating Committee

The Board established the Nominating Committee on 24 October 2002 which currently comprises independent non-executive directors as follows:-

- Guido Paul Philip Joseph Ravelli (Chairman)
- Hj Ahmad bin Hj Ismail, PJK (Member)
- Tan Peng Sheung (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 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 skills, experience and integrity. The Board is aware of the recommendations set out in the Code 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.

During the financial year ended 30 June 2017, 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.

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 Berhad 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 Malton Berhad.

Remuneration Committee

The Board recognizes that fair and competitive remuneration is critical to attract, retain and motivate directors. The remuneration policies are structured to link rewards to corporate and individual performance in the case of executive directors. In the case of non-executive directors, the level of remuneration shall reflect the level of responsibilities undertaken by the particular non-executive director concerned.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Principle 2 – Strengthening Composition (cont'd)

Remuneration Committee (cont'd)

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 Thian Teck (Member)

The functions, 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.

During the financial year ended 30 June 2017, 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 2017 is set out below.

	Executive Directors RM	Non-Executive Directors RM	Total RM
Directors' Salaries	4,110,000	-	4,110,000
EPF	638,000	-	638,000
Directors' Fees	-	264,000	264,000
Meeting Allowance	-	45,000	45,000
Bonus	1,280,000	-	1,280,000
Benefits in kind	184,000	12,000	196,000
TOTAL	6,212,000	321,000	6,533,000

The number of Directors whose total annual remuneration falls within the following bands are set out below.

	Executive Directors	Non-Executive Directors	Total
RM50,001 to RM100,000	-	3	3
RM1,100,001 to RM1,050,000	2	-	2
RM1,250,001 to RM1,300,000	1	-	1
RM1,350,001 to RM1,400,000	-	1	1
RM1,550,001 to RM1,600,000	1	-	1
TOTAL	4	4	8

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

Principle 3 – Reinforce Independence

The Board has an established 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. 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.

Mr Guido Paul Philip Joseph Ravelli, Deputy Chairman of Malton Berhad, is the senior independent non-executive. Any concern relating to the Group may be conveyed to him.

The Board takes cognizance that the Code recommends that the tenure of an independent director should not exceed a cumulative term of 9 years. As set out above, the Company 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 Code. 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 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 every 3 years under the Main Market Listing Requirements and Articles of Association of the Company.

The Code recommended that the positions of the Chairman and CEO of the Company should be held by different individuals and the Chairman be a non-executive member of the Board. The Board is helmed by Tan Sri Lim Siew Choon who was redesignated Non-Independent Non-Executive Chairman on 3 January 2017 and assisted by Deputy Chairman, Mr Guido Paul Philip Joseph Ravelli. The Executive Directors led by the Managing Director take charge of the implementation of the business strategy and operations of the Group.

Principle 4 – Foster commitment

The Directors are mindful of their fiduciary duties and responsibilities towards the Group and are committed to carry out their responsibilities to their best ability. In line with the Main Market Listing Requirements, the Directors are required to comply with the restrictions on the number of directorships in listed companies. In this connection, the Directors will notify the Board prior to acceptance of any new board appointments.

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 complete Board papers are prepared and circulated prior to each Board meeting. The Board papers are distributed to the Directors in sufficient time for them to 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.

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 five (5) times during the financial year ended 30 June 2017. The attendance of the Directors and Board meetings held during the said financial year is set out below.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Principle 4 – Foster commitment (cont'd)

Name	Total Meetings Attended
Tan Sri Lim Siew Choon	5 of 5
Guido Paul Philip Joseph Ravelli	5 of 5
Lim Siew Fai	5 of 5
Puan Sri Tan Kewi Yong	5 of 5
Chua Thian Teck	5 of 5
Hong Lay Chuan	5 of 5
Hj Ahmad bin Hj Ismail, PJK	5 of 5
Tan Peng Sheung	5 of 5

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 2017, Directors attended various conferences, seminars and forums, amongst others, Capital Market Director Programme, Audit Committee Conference 2017, Deloitte TaxMax 42nd Series, CFO Update Session, ISO9001:2015 Awareness Training, Update on Hill Slope, 26th National Real Estate Convention, Specialised Building Materials Supply Chain Conference, Product Talk: Introduction of Green IBS Wall Panel by Acotec and Modern Construction Technologies Industrialised Building Systems (IBS), Functional Designs, Cost Savings, & Sustainable Practices.

Principal 5 – Uphold integrity in financial reporting

1. Financial Reporting

In presenting the annual financial statements and quarterly results, the Board aims to present a balanced and comprehensive assessment of the Group's position and prospects.

The Audit Committee assists the Board in examining information to be disclosed to ensure the accuracy and authenticity of such information and compliance with the applicable financial reporting standards. The Audit Committee also assesses the financial statements with the assistance of the external auditors.

2. Relationship with the External Auditors

The Audit Committee has established a formal and transparent relationship with the external auditors of the Company. The Audit Committee will meet with the external auditors without the presence of the Executive Directors and Management at least once a year and additional meetings will be held if required.

In the assessment of the performance of the external auditors including independence policies and procedures of the external auditors, the Audit Committee noted that the external auditors, in accordance with the independence requirements set out in the By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants, evaluate the level of threat to objectivity and potential safeguards to prevent any threats prior acceptance of any non-audit engagement. The Audit Committee will require a confirmation from the external auditors that they are, and have been, independent throughout the conduct of the audit engagement with the Group.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

Principle 6 – Recognise and manage risks

The Board recognizes that it is primarily responsible in managing the risks faced by the Group and the importance of establishing a risk management framework which include identifying the risks that could pose a threat to the business of the Group and mitigation measures that will enable the Board to plan and mitigate the effects of the risks. The Board together with Management, set up a framework to identify and manage the risks. The risks and mitigation measures are reviewed from time to time for assessment of the effect 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.

Principle 7 – Ensure timely and high quality disclosure

The Board subscribes to the corporate disclosure policy and disclosure requirements on material information set out in the Main Market Listing Requirements. The Company has established its website www.malton.com.my which allows shareholders and the public access to corporate information, financial statements, announcements released to Bursa Malaysia Securities Berhad, news, updates, property launches and event relating to the Group.

Principle 8 – Strengthening relationship between Company and Shareholders

The Board values and encourages communications with the shareholders and other investors to establish better understanding of the Company's objectives and performance. Annual General Meetings are appropriate forums for shareholders to participate in questions and answer sessions with Directors and Management. Notices of general meetings and accompanying explanatory notes are provided via announcements released to Bursa Malaysia Securities Berhad, advertised in a major newspaper and made available on the Company website. This allows the shareholders to make the necessary arrangements to attend and participate either in person or by proxy. Presently, the Main Market Listing Requirements provides that the voting for resolutions tabled at general meetings is to be carried out by way of a poll.

OTHER CORPORATE DISCLOSURES

1. Corporate social responsibility

The Board recognizes the importance of the Group in its role as a responsible corporate citizen. The Group's business and operational code of conduct and practices reflect its values and interests of all stakeholders including its purchasers, investors, employees, community and environment.

The Group is committed to conduct its business in a socially and environmentally conscious and responsible approach. The Board is aware as the Group continues to grow, so will its social responsibility efforts. It will make the necessary arrangements in response to economic and regulatory changes. It will review its product development and practices and procedures from time to time, considering and adopting sustainable methods and processes where applicable and feasible. As an employer, the Group is committed to the development and training needs of its employees, both technical and soft skills. The Group has and will continuously support humanitarian efforts, educational and social development needs of the society through donation, sponsorships and participation in fund raising and community events which include the involvement and efforts of the employees of the Group.

2. 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 Related Party presented in the Financial Statements of this Annual Report.

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

During the financial year ended 30 June 2017, Malton Group paid a total of RM491,700 to Deloitte PLT and affiliates for audit and non-audit services. The details of the payments are set out below.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

OTHER CORPORATE DISCLOSURES (cont'd)

3. Audit and non-audit fees paid to external auditors (cont'd)

	Company RM	Group RM
Audit fees	85,000	440,000
Non-audit fees		
- Review of Statement on Risk Management and Internal Control	5,000	5,000
- Tax Compliance	14,000	49,200
TOTAL	104,000	494,200

4. 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 companies related to Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong.

There were no award of contracts pursuant to the mandate granted for the Group 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 2017.

The recurrent related party transactions for the sale of trading stock properties with related parties conducted during the financial year ended 30 June 2017 pursuant to the above-mentioned mandate are set out below.

Related Parties	Relationship with Malton Group	RM
Datuk Lim Chon Hoo	Brother of Tan Sri Lim Siew Choon	1,503,810
Jalur Amandamai Sdn Bhd	A company in which Tan Sri Lim Siew Choon is a director and major shareholder	3,975,750
Major Versatile Sdn Bhd	A company in which Tan Sri Lim Siew Choon is a director and major shareholder	3,975,750
Lebar Cipta Sdn Bhd	A company in which Tan Sri Lim Siew Choon is a director and major shareholder	3,975,750
Solar Prosperity Sdn Bhd	A company in which Tan Sri Lim Siew Choon is a director and major shareholder	3,975,750
Landasan Suasa Sdn Bhd	A company in which Puan Sri Tan Kewi Yong is a director and major shareholder	4,256,000
Hajat Purnama Sdn Bhd	A company in which Puan Sri Tan Kewi Yong is a director and major shareholder	3,975,750
Rangkai Sama Sdn Bhd	A company in which Puan Sri Tan Kewi Yong is a director and major shareholder	3,975,750
TOTAL		29,614,310

5. Malton Employees' Share Option Scheme

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

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

OTHER CORPORATE DISCLOSURES (cont'd)

5. Malton Employees' Share Option Scheme (cont'd)

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 2017
		Balance as of 1 July 2016	Granted	
23 February 2017	0.80	-	16,115,000	10,871,200
				5,243,800

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

	Granted	Exercised	Balance as of 30 June 2017
Tan Sri Lim Siew Choon <i>Non-Independent Non-Executive Chairman</i>	300,000	-	300,000
Guido Paul Philip Joseph Ravelli <i>Deputy Chairman/Independent Non-Executive Director</i>	150,000	-	150,000
Lim Siew Fai <i>Managing Director</i>	600,000	300,000	300,000
Puan Sri Tan Kewi Yong <i>Executive Director</i>	450,000	-	450,000
Chua Thian Teck <i>Executive Director</i>	450,000	-	450,000
Hong Lay Chuan <i>Executive Director</i>	450,000	-	450,000
Hj. Ahmad Bin Hj. Ismail <i>Independent Non-Executive Director</i>	150,000	-	150,000
Tan Peng Sheung <i>Independent Non-Executive Director</i>	150,000	-	150,000
TOTAL	2,700,000	300,000	2,400,000

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 2017, 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 together with Management, have established a risk management 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 the effects of the risks.

The significant risks identified are categorized as follows:-

- Economic trends
- Financial risks
- Environmental risks
- Operating risks
- Breach of Internal Controls

The Board and Management, will 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. 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 control the risks.

2. 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.

3. 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.

4. 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.

AUDIT COMMITTEE REPORT

The Audit Committee of Malton Berhad which was established on 8 March 2002, comprises three (3) independent non-executive directors as set out below.

- Guido Paul Philip Joseph Ravelli (Deputy Chairman/Independent Non-Executive Director)
- Tan Peng Sheung (Independent Non-Executive Director)
- Hj Ahmad bin Hj Ismail, PJK (Independent Non-Executive Director)

Mr Guido Paul Philip Joseph Ravelli is the Chairman of the Audit Committee. Mr Tan Peng Sheung is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA).

The Audit Committee met five (5) times during the financial year ended 30 June 2017. The attendance of the Audit Committee members is set out below.

Name	Total Meetings Attended
Guido Paul Philip Joseph Ravelli	5 of 5
Tan Peng Sheung	5 of 5
Hj Ahmad bin Hj Ismail, PJK	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.
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.

AUDIT COMMITTEE REPORT (cont'd)

TERMS OF REFERENCE (cont'd)

Membership of the Audit Committee (cont'd)

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 the internal audit function and/or the Committee;
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.

AUDIT COMMITTEE REPORT (cont'd)

TERMS OF REFERENCE (cont'd)

Key Functions and Responsibilities (cont'd)

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 has an internal audit department which reports directly to the Committee. During the financial year ended 30 June 2017, the internal audit department carried out its audit duties 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.

The total cost incurred for the internal audit function of the Group for the financial year ended 30 June 2017 was approximately RM599,000.

AUDIT COMMITTEE REPORT

(cont'd)

ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 the operational functions of various departments of Malton Berhad and its subsidiaries ("Malton Group") to assess the adherence to standard operating procedures in place;
3. Review of the internal controls established for Malton Group for assessment of quality and effectiveness and report on any weaknesses; and
4. Review the independence policies and procedures of the external auditors and performance of the external auditors.

During the financial year ended 30 June 2017, 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 met with the external auditors, prior to commencement of the audit for the financial year ended 30 June 2017 and discussed the audit plan proposed 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 the audit process. The Audit Committee met and reviewed the year-end audited financial statements together with the external auditors and Executive Directors and reported its assessment to the Board of Directors prior to release to Bursa Malaysia Securities Berhad.

As an annual practice, the Audit Committee 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.

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 2017, the Internal Audit Department presented, based on the audit programme, audit reports which mainly covered business and operational activities of the property development and construction divisions for review by the Audit Committee. Other areas covered were insurance, inventory, information technology and management 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.

MALTON BERHAD

(320888-T)

FINANCIAL STATEMENTS

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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 2017.

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	114,665	29,334
Income tax expense	(51,484)	(4,216)
Profit for the financial year	63,181	25,118
Profit attributable to:		
Owners of the Company	63,287	25,118
Non-controlling interests	(106)	-
	63,181	25,118

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.

DIVIDENDS

On 30 December 2016, the Company paid a first and final single-tier dividend of 2.5 sen per share amounting to RM11,210,395 in respect of the financial year ended 30 June 2016 as approved by the shareholders at the last Annual General Meeting.

The directors have proposed a first and final single-tier dividend of 2.5 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 2018.

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

During the financial year, the issued and paid-up share capital of the Company was increased from RM448,415,812 to RM528,169,339 pursuant to the conversion of Redeemable Convertible Secured Loan Stocks and exercise of Employees' Share Option Scheme. 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.

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;
- (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
As of 1 July 2016	139,301,169
Exercised during the year	-
As of 30 June 2017	139,301,169

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

REPORT OF THE DIRECTORS (cont'd)

SHARE OPTIONS (cont'd)

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 1.7.2016	Granted	Exercised	Balance as of 30.6.2017
23.2.2017	0.80	-	16,115,000	(10,871,200)	5,243,800

OTHER STATUTORY INFORMATION

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

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
- 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:

- 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
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- 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.

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

- 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
- 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.

REPORT OF THE DIRECTORS

(cont'd)

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
 Lim Siew Fai
 Puan Sri Tan Kewi Yong
 Chua Thian Teck
 Hong Lay Chuan
 Hj. Ahmad Bin Hj. Ismail
 Tan Peng Sheung

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
 Lim Siew Fai
 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

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 1.7.2016	Issued	Sold
Shares in the Company			
Direct interest			
Lim Siew Fai	-	300,000	-
Indirect interest			
Tan Sri Lim Siew Choon	158,477,313	29,054,176	-
Puan Sri Tan Kewi Yong	158,477,313	29,054,176	-

	Nominal value of Redeemable Convertible Secured Loan Stocks ("RCSLS")		
	Balance as of 1.7.2016 RM	Conversion RM	Redeemed RM
RCSLS in the Company			
Indirect interest			
Tan Sri Lim Siew Choon	39,619,329*	(29,054,176)	(10,565,153)
Puan Sri Tan Kewi Yong	39,619,329*	(29,054,176)	(10,565,153)

REPORT OF THE DIRECTORS

(cont'd)

DIRECTORS' INTERESTS (cont'd)

	Number of warrants over ordinary shares			
	Balance as of 1.7.2016	Bought	Sold	Balance as of 30.6.2017
Warrants in the Company				
Indirect interest				
Tan Sri Lim Siew Choon	52,825,771	-	-	52,825,771*
Puan Sri Tan Kewi Yona	52,825,771	-	-	52,825,771*

* Held through Malton Corporation Sdn. Bhd.

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

	Number of options over ordinary shares			
	Balance as of 1.7.2016	Granted	Exercised	Balance as of 30.6.2017
Tan Sri Lim Siew Choon	-	300,000	-	300,000
Guido Paul Philip Joseph Ravelli	-	150,000	-	150,000
Lim Siew Fai	-	600,000	(300,000)	300,000
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
Tan Peng Sheung	-	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 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 RM30,400.

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)

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AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the year ended 30 June 2017 is as disclosed in Note 8 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,

LIM SIEW FAI

CHUA THIAN TECK

Kuala Lumpur,
23 October 2017

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 2017 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 125.

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 2017, and of their financial performance and their cash flows for the year then ended in accordance with 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 on property development and construction activities

The Group recognises property development and construction revenue and expenses in the statements of profit or loss and other comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development and construction costs incurred for work performed to date compared to the estimated total property development and construction costs.

Accounting for property development and construction activities is inherently complex and we focused on this area because of the magnitude of the revenue and the costs recognised by the Group arising from these activities. Furthermore, significant judgements and estimates are needed in the following areas:

- Determination of stage of completion
- Extent of property development and construction costs incurred to date
- Estimated total property development and construction costs required to complete

Refer to "key estimate and assumptions" in Note 4, property development costs in Note 18 and amount due from contract customers in Note 21 to the financial statements.

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:

- Updated our understanding of the revenue recognition process and tested the associated business process controls.
- Challenged the stage of completion 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.
- Evaluated the appropriateness 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 changes in total estimated costs of individually significant construction and property development projects from prior years with management and assessed the consistency of assumptions applied across projects.
- Interviewed management's project team on the achievability of the forecasted costs to the completion of individually significant projects.
- Performed site visits to assess the status of the development projects.

Valuation of Inventories

At the end of the reporting period, the Group has a significant number of unsold units amounting to RM97.6 million. Completed properties for sale are stated at the lower of cost and net realisable value. The determination of the estimated net realisable value of these completed properties is dependent upon the directors' expectation of future selling prices.

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, and inventories in Note 19 to the financial statements.

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

Our audit procedures included among others:

- Compared management's assessment of the net realisable value by reference to recent transacted prices of comparable units, taking into consideration estimated selling costs, and determined if the unsold units, based on information provided by key management personnel on the plans to address slow moving inventories and past marketing strategy with sales personnel in selling slow moving inventories, are impaired.
- Physically sighted individual significant property units, focusing on long-aged property units, to ascertain if any write-down was warranted due to physical obsolescence and deterioration of the units.

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.

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.

(Forward)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALTON BERHAD (cont'd)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

(Forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALTON BERHAD

(cont'd)

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

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

Other Reporting Responsibilities

The supplementary information set out in Note 40 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

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 content of this report.

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

LAI CAN YIEW
Partner – 02179/11/2018 J
Chartered Accountant

Kuala Lumpur,
23 October 2017

STATEMENTS OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		The Group		The Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	5	830,739	632,216	51,402	38,534
Cost of sales	6	(618,751)	(477,932)	-	-
Gross profit		211,988	154,284	51,402	38,534
Other income		10,338	22,852	5,751	5,635
Share in results of associated companies	15	(181)	(1,999)	-	-
Selling and distribution expenses		(15,935)	(17,383)	-	-
Administrative expenses		(75,288)	(69,748)	(19,317)	(17,927)
Finance costs	7	(16,257)	(16,805)	(8,502)	(13,351)
Profit before tax	8	114,665	71,201	29,334	12,891
Income tax expense	9	(51,484)	(34,886)	(4,216)	(1,501)
Profit for the year		63,181	36,315	25,118	11,390
Other comprehensive income, 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		(1)	845	(1)	14
Total comprehensive income for the year		63,180	37,160	25,117	11,404
Profit/(Loss) attributable to:					
Owners of the Company		63,287	36,427	25,118	11,390
Non-controlling interests		(106)	(112)	-	-
		63,181	36,315	25,118	11,390
Total comprehensive income/(loss) attributable to:					
Owners of the Company		63,286	37,272	25,117	11,404
Non-controlling interests		(106)	(112)	-	-
		63,180	37,160	25,117	11,404
Earnings per ordinary share:	10				
Basic (sen)		13.59	8.12		
Diluted (sen)		13.53	7.49		

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

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2017

		The Group		The Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	12,339	9,560	1,501	1,884
Investment properties	12	145,679	114,770	-	-
Land held for property development	13	78,888	85,238	-	-
Investment in subsidiary companies	14	-	-	505,492	502,993
Investment in associated companies	15	2,232	2,413	-	-
Other investments	16	245	245	-	-
Deferred tax assets	17	4,253	7,871	462	-
Total non-current assets		243,636	220,097	507,455	504,877
Current assets					
Property development costs	18	1,467,117	1,174,844	-	-
Inventories	19	97,615	105,688	-	-
Trade receivables	20	164,393	105,108	74	-
Other receivables and prepaid expenses	20	352,801	370,152	643	655
Accrued billings		173,487	25,198	-	-
Amount due from contract customers	21	12,558	1,116	-	-
Amount owing by subsidiary companies	22	-	-	130,375	74,328
Tax recoverable		231	633	-	-
Short-term funds	23	1,530	1,421	1,427	1,379
Fixed deposits with licensed banks	34	9,915	4,092	2,230	2,230
Cash and bank balances	24	73,033	93,051	586	29,337
Total current assets		2,352,680	1,881,303	135,335	107,929
Total assets		2,596,316	2,101,400	642,790	612,806

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2017

(cont'd)

		The Group		The Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	25	528,176	448,416	528,176	448,416
Reserves	26	341,966	290,081	37,978	24,262
Non-controlling interests	27	870,142 179,505	738,497 187,110	566,154 -	472,678 -
Total equity		1,049,647	925,607	566,154	472,678
Non-current liabilities					
Other payables	32	170,202	-	-	-
Redeemable convertible secured loan stocks - non-current portion	28	-	68,014	-	68,014
Redeemable preference shares	29	3,000	3,000	-	-
Bank borrowings - non-current portion	30	107,373	168,895	-	-
Hire-purchase payables - non-current portion	31	3,737	1,636	174	512
Deferred tax liabilities	17	62,450	62,692	-	242
Total non-current liabilities		346,762	304,237	174	68,768
Current liabilities					
Trade payables	32	415,529	390,103	-	-
Other payables and accrued expenses	32	253,358	131,670	5,919	4,907
Advance billings		8,466	7,107	-	-
Amount owing to subsidiary companies	22	-	-	104	266
Redeemable convertible secured loan stocks - current portion	28	-	25,667	-	25,667
Bank borrowings - current portion	30	484,640	296,506	66,964	38,960
Hire-purchase payables - current portion	31	2,162	720	337	339
Tax liabilities		35,752	19,783	3,138	1,221
Total current liabilities		1,199,907	871,556	76,462	71,360
Total liabilities		1,546,669	1,175,793	76,636	140,128
Total equity and liabilities		2,596,316	2,101,400	642,790	612,806

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Non-distributable reserves					Distributable reserve					
	Share capital RM'000	Share premium 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	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non- controlling interests RM'000	Total RM'000
The Group											
As of 1 July 2015	448,416	6	(793)	2,065	2,035	20,546	2,887	239,515	714,677	-	714,677
Share options lapsed under ESOS	-	-	-	-	(2,035)	-	-	2,035	-	-	-
Total comprehensive income/(loss) for the year	-	-	845	-	-	-	-	36,427	37,272	(112)	37,160
Dividend to equity holders of the Company (Note 33)	-	-	-	-	-	-	-	(13,452)	(13,452)	-	(13,452)
Non-controlling interests arising on the acquisition of subsidiary companies (Note 14)	-	-	-	-	-	-	-	-	-	187,222	187,222
As of 30 June 2016	448,416	6	52	2,065	-	20,546	2,887	264,525	738,497	187,110	925,607
As of 1 July 2016	448,416	6	52	2,065	-	20,546	2,887	264,525	738,497	187,110	925,607
Share options granted under ESOS	-	-	-	-	3,805	-	-	-	3,805	-	3,805
Issuance of shares:											
Conversion of RCSLS (Note 25)	68,490	-	-	-	-	-	(2,887)	1,465	67,068	-	67,068
ESOS (Note 25)	11,264	-	-	-	(2,567)	-	-	-	8,697	-	8,697
Transfer arising from "no-par-value" regime (Note 25)	6	(6)	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(1)	-	-	-	-	63,287	63,286	(106)	63,180
Dividend to equity holders of the Company (Note 33)	-	-	-	-	-	-	-	(11,211)	(11,211)	-	(11,211)
Acquisition of additional interests in an existing subsidiary company	-	-	-	-	-	-	-	-	-	2,401	2,401
Redemption of redeemable preference shares (Note 27)	-	-	-	-	-	-	-	-	-	(9,900)	(9,900)
As of 30 June 2017	528,176	-	51	2,065	1,238	20,546	-	318,066	870,142	179,505	1,049,647

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

(cont'd)

The Company	Non-distributable reserves					Distributable reserve	Total RM'000
	Share capital RM'000	Share premium RM'000	Available -for-sale reserve RM'000	Option reserve RM'000	Warrant reserve RM'000	Equity component of RCLS RM'000	
As of 1 July 2015	448,416	6	62	2,035	20,546	2,887	474,726
Share options lapsed under ESOS (Note 25)	-	-	-	(2,035)	-	-	-
Total comprehensive income for the year	-	-	14	-	-	-	11,404
Dividend to equity holders of the Company (Note 33)	-	-	-	-	-	(13,452)	(13,452)
As of 30 June 2016	448,416	6	76	-	20,546	2,887	472,678
As of 1 July 2016	448,416	6	76	-	20,546	2,887	472,678
Share options granted under ESOS	-	-	-	3,805	-	-	3,805
Issuance of shares:							
Conversion of RCLS (Note 25)	68,490	-	-	-	-	(2,887)	67,068
ESOS (Note 25)	11,264	-	-	(2,567)	-	-	8,697
Transfer arising from "no-par-value" regime (Note 25)	6	(6)	-	-	-	-	-
Total comprehensive income for the year	-	-	(1)	-	-	-	25,117
Dividend to equity holders of the Company (Note 33)	-	-	-	-	-	(11,211)	(11,211)
As of 30 June 2017	528,176	-	75	1,238	20,546	-	566,154

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit for the financial year	63,181	36,315	25,118	11,390
Adjustments for:				
Income tax expense recognised in profit or loss	51,484	34,886	4,216	1,501
Finance costs	16,257	16,805	8,502	13,351
Share options granted under ESOS	3,805	-	1,282	-
Depreciation of property, plant and equipment	3,632	2,733	679	648
Allowance for doubtful debts	3,095	-	-	-
Inventories written down	2,755	-	-	-
Loss/(Gain) on:				
Fair value adjustments of investment properties	931	(400)	-	-
Disposal of property, plant and equipment	411	(266)	-	-
Compulsory acquisition by the State Admin for land held for property development	-	(1,655)	-	-
Disposal of other investments	-	(777)	-	-
Share in results of associated companies	181	1,999	-	-
Write-offs of:				
Other receivables	53	-	-	-
Property, plant and equipment	-	23	-	-
Trade receivables	-	1	-	-
Impairment of land held for property development	-	587	-	-
Provision for affordable housing obligations no longer required	-	(3,161)	-	-
Compensation fees received on the compulsory acquisition of land by the State Admin	-	(737)	-	-
Over-recognition of accrued costs to completion of project	-	(199)	-	-
Dividends income from subsidiary companies	-	-	(29,640)	(26,600)
Interest income	(3,133)	(7,389)	(5,700)	(5,588)
Distribution income on short-term funds	(57)	(86)	(50)	(46)
Operating Profit/(Loss) Before Working Capital Changes	142,595	78,679	4,407	(5,344)
(Increase)/Decrease in:				
Property development costs, net of interest expense of RM18,935,000 (2016: RM15,152,000) (Note 18) (Note (ii))	(291,470)	(237,985)	-	-
Trade receivables (Note (ii))	(59,285)	(13,039)	(74)	-
Other receivables and prepaid expenses	14,203	(42,679)	12	(30)
Inventories (Note (ii))	38,594	(9,392)	-	-
Accrued billings	(148,289)	2,666	-	-
Amount due from contract customers	(11,442)	41,428	-	-
Increase/(Decrease) in:				
Trade payables	25,426	173,089	-	-
Other payables and accrued expenses (Note (ii))	291,890	58,902	1,012	172
Advance billings	1,359	(82,162)	-	-
Cash Generated From/(Used In) Operations	3,581	(30,493)	5,357	(5,202)
Income tax paid (Note (iii))	(32,445)	(41,821)	(2,088)	(3,240)
Income tax refunded	708	2,578	-	1,690
Net Cash (Used In)/From Operating Activities	(28,156)	(69,736)	3,269	(6,752)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

(cont'd)

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES				
Additions to investment properties, net of interest expense of RM1,581,000 (2016: RM633,000) (Note 12)	(31,840)	(16,963)	-	-
Redemption of redeemable preference shares from non-controlling interests	(9,900)	-	-	-
Additions to land held for property development, net of interest expense of RM Nil (2016: RM1,000)(Note 13)	(8,794)	(17,991)	-	-
Additions to property, plant and equipment (Note (i))	(1,397)	(1,418)	(296)	(148)
Placement of fixed deposits pledged to licensed banks	(5,823)	(3,236)	-	(2,230)
Additions to short-term funds (Advances to)/repayments from subsidiary companies	(109)	(45)	(48)	(44)
Acquisition of subsidiary companies	-	-	(54,439)	26,456
Acquisition of additional interest in subsidiary company	-	-	-	(631)
Net cash outflow on acquisition of subsidiary companies (Note 14)	-	-	(2,499)	-
Proceeds from disposal of:				
Land held for property development	-	(61,127)	-	-
Property, plant and equipment	-	3,889	-	-
Assets classified as held for sale	44	408	-	-
Other investments	-	154,000	-	-
Proceeds from issuance of additional shares of a subsidiary company to non-controlling interests	-	2,573	-	-
Interest received	2,401	-	-	-
Distribution income on short-term funds received	3,133	-	5,700	5,588
Dividends received	57	7,389	50	46
	-	86	29,640	26,600
Net Cash (Used In)/From Investing Activities	(52,228)	-	(21,892)	55,637
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from long-term loans	345,053	229,981	120,000	-
Withdrawal of/(Placement of) RCSLS Debts Service Reserve and Disbursements Accounts	28,201	(3,441)	28,201	(3,441)
Proceeds from exercise of share options	8,697	-	8,697	-
Repayments of long-term loans	(229,124)	(161,360)	(92,000)	(3,000)
Redemption of redeemable convertible secured loan stocks	(27,762)	(19,251)	(27,762)	(19,251)
Repayments of hire-purchase payables	(1,926)	(849)	(340)	(323)
Repayments to subsidiary companies	-	-	(162)	(68)
Dividends paid	(11,211)	(13,452)	(11,211)	(13,452)
Interest paid	(34,044)	(27,969)	(7,354)	(8,729)
Net Cash From/(Used In) Financing Activities	77,884	3,659	18,069	(48,264)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

(cont'd)

	Note	The Group		The Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,500)	1,488	(554)	621
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		47,478	45,990	(3,824)	(4,445)
CASH AND CASH EQUIVALENTS AT END OF YEAR	34	44,978	47,478	(4,378)	(3,824)

Note (i)

During the financial year, the Group and the Company acquired property, plant and equipment at an aggregate cost of RM6,866,000 (2016: RM2,088,000) and RM296,000 (2016: RM148,000) respectively of which RM5,469,000 (2016: RM670,000) and RM Nil (2016: RM Nil) 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 RM1,397,000 (2016: RM1,418,000) and RM296,000 (2016: RM148,000) respectively.

Note (ii)

During the financial year, the Group completed the non-cash transactions with proceeds from sale of completed properties to a third party amounting to RM34,011,000, 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.

In 2016, the Group completed a non-cash transaction which involved transfer of inventories from a third party amounting RM13,879,000, in respect of debt settlement between a third party and its wholly-owned subsidiary company as disclosed in Note 19.

Note (iii)

During the financial year, the Group and the Company had completed a few non-cash transactions which involved tax credits transferred within the Group and its direct and indirect wholly-owned subsidiary companies amounting to RM1,963,000 (2016: RM Nil) and RM915,000 (2016: RM Nil) respectively.

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 23 October 2017.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Malaysian Financial Reporting Standards Framework ("MFRS Framework")

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities should 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 has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 30 June 2019, being the first set of financial statements prepared in accordance with the new MFRS Framework.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

Adoption of Amendments to Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the amendments to FRSs 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 2016 as follows:

Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 101	Disclosure Initiative
Amendments to FRSs	Annual Improvements to FRSs 2012 - 2014 Cycle

The adoption of these amendments to FRSs 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.

Standards, Issues Committee Interpretations ("IC Int.") and Amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new Standards, Amendments and IC Int. which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

FRS 9	Financial Instruments ²
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to FRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts ²
Amendments to FRS 107	Disclosure Initiative ¹
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to FRS 140	Transfers of Investment Property ²
IC Int. 22	Foreign Currency Transactions and Advance Consideration ²
IC Int. 23	Uncertainty Over Income Tax Treatments ³
Amendments to FRSs	Annual Improvements to FRSs 2014 - 2016 Cycle ^{1 or 2}

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The directors anticipate that the abovementioned Standards, Amendments and IC Int. will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards, Amendments and IC Int. 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:

FRS 9 Financial Instruments

FRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. FRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of FRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Standards, Issues Committee Interpretations ("IC Int.") and Amendments in issue but not yet effective (cont'd)

FRS 9 Financial Instruments (cont'd)

Key requirements of FRS 9:

- All recognised financial assets that are within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regards to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liabilities, be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, FRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under FRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging 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 directors of the Company anticipate that the application of FRS 9 in the future may have a material impact on amounts reported in respect of the Group's and of the Company's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until the Group and the Company complete a detailed review.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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 indicated in the accounting policies below. 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 FRS 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 or value-in-use in FRS 136.

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

Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

(i) Sale of development properties

Revenue from sale of residential and commercial properties are accounted for by the stage of completion method.

Sale of completed property units is recognised when the risk and reward associated with ownership transfers to the property purchasers.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method.

(iii) Management fees

Management fees are recognised when such services are rendered.

(iv) 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).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

(v) Rental income

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

(vi) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 expense represents the sum of the tax currently payable and deferred tax.

(i) Current 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities and assets are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment property that is measured using the fair value model, the carrying amount of such property is presumed to be recovered 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 have reviewed the Group's investment property portfolio and concluded that none of the Group's investment property is held under a business model whose objectives 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 FRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of the investment property based on the expected rate that would apply on disposal of the investment property.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

(iii) Current and deferred tax for the period

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 begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

When the Group loses control of a subsidiary company, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combinations

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

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

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

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 a fair value or, when applicable, on the basis specified in another FRS.

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 associated company 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 FRS 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 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 investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

The Group discontinues the use of the equity method from the date when 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 FRS 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of 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:

Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Site equipment	10% - 20%
Electrical installations	10%
Computers	20%
Office renovations	10%

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Land Held for Property Development and Property Development Costs

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

Property development revenue are recognised for property development projects sold using the percentage of completion method, by reference to the stage of completion of the property development projects at the end of the reporting period as measured by the proportion that development costs incurred for work performed to-date bear to the estimated total property development costs on completion.

When the outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that are probable of recovery.

Any anticipated loss on property development project (including costs to be incurred over the defects liability period), is recognised as an expense immediately as foreseeable losses.

Accrued billings represent the excess of property development revenue recognised in profit or loss over the billings to purchasers while advance billings represent the excess of billings to purchasers over property development revenue recognised in profit or loss.

Land held for development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment losses (if any). Such assets are transferred to property development activities when significant development has been undertaken and the development is expected to be completed within the normal operating cycle.

Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured as the physical proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Construction Contracts (cont'd)

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

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

Borrowing Costs

Interest incurred on borrowings 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.

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

Inventories

Inventories comprise completed property units, bungalow lots and commercial land for sale and 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 the estimated costs of completion and the estimated costs necessary to make the sale.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Liabilities and Equity Instruments (cont'd)

(iii) Financial Liabilities (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 FRS 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

The Group recognises property development revenue and costs in profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that property development projects sold attributable to the percentage of development work performed during the year. Significant judgement is required in determining the percentage of completion, the extent of the property development project sold and costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. Estimated losses are recognised in full when determined. Property development revenue and expenses estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

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)

(ii) Revenue recognition on construction contracts

The Group recognises contract revenue and costs in profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant judgement is required in determining the percentage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract projects.

(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 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 reviews the carrying amount of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. Significant judgement is required to determine the extent and amount of the impairment loss (if any).

(ii) Allowance for doubtful debts

Allowance for doubtful debts is made based on the evaluation of collectability and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. Details are disclosed in Note 20.

(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.

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)

(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 products demand and related pricing. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

5. REVENUE

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Property development	550,904	412,740	-	-
Construction contracts	209,386	214,362	-	-
Completed properties and vacant land	69,289	4,420	-	-
Rental income from investment properties	630	598	-	-
Dividends from subsidiary companies (Note 22)	-	-	29,640	26,600
Management fee receivable from subsidiary companies (Note 22)	-	-	21,312	11,934
Others	530	96	450	-
	830,739	632,216	51,402	38,534

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

6. COST OF SALES

	The Group	
	2017 RM'000	2016 RM'000
Cost of property development sold (Note 18)	415,065	273,937
Cost of construction contracts	152,209	199,907
Cost of inventories sold	51,477	4,088
	618,751	477,932

7. FINANCE COSTS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
Term loans/Bridging loans	22,412	16,842	-	-
Revolving credits	5,889	3,598	3,681	2,572
Hire-purchase	378	108	29	45
Bank overdrafts	1,257	880	335	329
Trade Facilities	443	635	-	-
Imputed interest on:				
RCSLS (Note 28)	4,457	10,405	4,457	10,405
Others	1,937	123	-	-
	36,773	32,591	8,502	13,351
Less interest capitalised in:				
Investment properties (Note 12)	(1,581)	(633)	-	-
Land held for property development (Note 13)	-	(1)	-	-
Property development costs (Note 18)	(18,935)	(15,152)	-	-
	(20,516)	(15,786)	-	-
	16,257	16,805	8,502	13,351

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

8. PROFIT BEFORE TAX

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

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income on:				
Other receivable - Advance entitlements	(1,842)	(5,688)	-	-
Fixed deposits	(738)	(946)	(136)	(352)
Others	(553)	(662)	-	-
Amount owing by subsidiary companies (Note 22)	-	-	(5,564)	(5,236)
Imputed interest on other receivable	-	(93)	-	-
	(3,133)	(7,389)	(5,700)	(5,588)
Rental income	(2,619)	(621)	-	-
Distribution income on short-term funds	(57)	(86)	(50)	(46)
Depreciation of property, plant and equipment (Note 11)	3,632	2,733	679	648
Rental of premises payable to third party	3,515	3,698	292	292
Allowance for doubtful debts (Note 20)	3,095	-	-	-
Inventories written down (Note 19)	2,755	-	-	-
Loss/(Gain) on fair value adjustments of investment properties (Note 12)	931	(400)	-	-
Audit fees:				
Statutory	440	377	85	85
Underprovision in prior years	46	45	-	10
Loss/(Gain) on:				
Disposal of property, plant and equipment	411	(266)	-	-
Compulsory acquisition by the State Admin for land held for property development (Note 13(c))	-	(1,655)	-	-
Disposal of other investments	-	(777)	-	-
Compensation fees received on the compulsory acquisition of land by the State Admin (Note 13(c))	-	(737)	-	-
Lease rental	64	67	24	24
Write-offs of:				
Other receivables	53	-	-	-
Property, plant and equipment	-	23	-	-
Trade receivables	-	1	-	-
Provision for affordable housing obligations no longer required (Note 32(a))	-	(3,161)	-	-
Impairment of land held for property development (Note 13)	-	587	-	-
Over-recognition of accrued costs to completion of project	-	(199)	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

8. PROFIT BEFORE TAX

(b) Staff costs

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	28,921	29,461	5,153	6,562
Defined contribution plan	3,012	2,889	424	425
Social security contributions	161	132	22	29
Share options granted under ESOS	3,168	-	645	-
	35,262	32,482	6,244	7,016

(c) Directors' remuneration

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
Salaries and other emoluments	5,390	6,095	5,390	5,390
Defined contribution plan	638	723	638	638
Share options granted under ESOS	531	-	531	-
	6,559	6,818	6,559	6,028
Non-executive directors:				
Fees	264	144	264	144
Allowances	45	48	45	48
Share options granted under ESOS	106	-	106	-
	415	192	415	192
	6,974	7,010	6,974	6,220

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 RM196,000 and RM196,000 (2016: RM165,000 and RM137,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INCOME TAX EXPENSE

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Estimated tax payable:				
Current	48,451	41,109	4,701	2,401
(Over)/Underprovision in prior years	(343)	902	219	361
	48,108	42,011	4,920	2,762
Deferred tax (Note 17):				
Current	1,965	(7,097)	(704)	(1,261)
Under/(Over) provision in prior years	1,411	(28)	-	-
	3,376	(7,125)	(704)	(1,261)
Income tax expense	51,484	34,886	4,216	1,501

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	114,665	71,201	29,334	12,891
Tax expenses at the applicable statutory income tax rate of 24%	27,520	17,088	7,040	3,094
Tax effects of:				
Expenses not deductible for tax purposes	13,650	18,055	4,083	4,441
Income not subject to tax	(214)	(743)	(7,126)	(6,395)
Deferred tax assets not recognised	9,460	452	-	-
(Over)/Underprovision in prior years in respect of estimated tax payable	(343)	902	219	361
Under/(Over)provision in prior years in respect of deferred tax	1,411	(28)	-	-
Difference between corporate tax rate of 24% and real property gains tax ("RPGT") rate of 30% applied in the computation of deferred tax on gain on fair value adjustments of investment properties	-	(840)	-	-
Income tax expense	51,484	34,886	4,216	1,501

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. INCOME TAX EXPENSE (cont'd)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits 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 unused tax credits can be utilised. As of 30 June 2017, 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	
	2017 RM'000	2016 RM'000
Deductible temporary differences arising from other payables and accrued expenses	5,228	1,581
Unused tax losses	58,449	24,356
Unabsorbed capital allowances	1,758	80
	65,435	26,017

The unused tax losses and unabsorbed capital allowances are subject to the agreement by the tax authorities.

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	
	2017 RM'000	2016 RM'000
Profit attributable to ordinary equity holders of the Company	63,287	36,427

	The Group	
	2017 RM'000	2016 RM'000
Weighted average number of ordinary shares in issue and ranking for dividend	465,845	448,416

Basic earnings per ordinary share for:

	The Group	
	2017 Sen	2016 Sen
Profit attributable to ordinary equity holders of the Company	13.59	8.12

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

10. EARNINGS PER ORDINARY SHARE (cont'd)

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	
	2017 RM'000	2016 RM'000
Profit attributable to ordinary equity holders of the Company	63,287	36,427
Effects on earnings upon conversion of RCSLS	-	4,389
	63,287	40,816

	The Group	
	2017 RM'000	2016 RM'000
Weighted average number of ordinary shares in issue and ranking for dividend	465,845	448,416
Effects of share option dilution	1,760	-
Effects on conversion of RCSLS	-	96,253
Adjusted weighted average number of ordinary shares in issue and ranking for dividend	467,605	544,669

Diluted earnings per ordinary share:

	Sen	Sen
Profit attributable to ordinary equity holders of the Company	13.53	7.49

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	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	Capital work-in-progress RM'000	Total RM'000
Cost									
As of 1 July 2015	3,952	1,478	10,460	3,896	297	2,779	4,270	1,475	28,607
Additions	177	30	937	104	-	472	59	309	2,088
Disposals	(3)	(6)	(1,792)	-	-	(11)	-	-	(1,812)
Write-offs	-	(15)	-	-	-	(10)	(198)	-	(223)
Reclassification	-	-	-	-	-	-	1,784	(1,784)	-
As of 30 June 2016/1 July 2016	4,126	1,487	9,605	4,000	297	3,230	5,915	-	28,660
Additions	20	17	2,613	3,635	-	525	56	-	6,866
Disposals	-	(13)	(340)	(1,048)	-	(12)	-	-	(1,413)
Write-offs	-	-	-	-	-	(7)	-	-	(7)
As of 30 June 2017	4,146	1,491	11,878	6,587	297	3,736	5,971	-	34,106

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

The Group	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	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation									
As of 1 July 2015	2,775	1,133	7,672	1,949	236	2,282	2,190	-	18,237
Charge for the year	260	65	1,052	622	30	221	483	-	2,733
Disposals	(3)	(4)	(1,652)	-	-	(11)	-	-	(1,670)
Write-offs	(1)	(13)	-	-	-	(10)	(176)	-	(200)
As of 30 June 2016/1 July 2016	3,031	1,181	7,072	2,571	266	2,482	2,497	-	19,100
Charge for the year	234	55	1,222	1,051	12	297	761	-	3,632
Disposals	-	(13)	(339)	(594)	-	(12)	-	-	(958)
Write-offs	-	-	-	-	-	(7)	-	-	(7)
As of 30 June 2017	3,265	1,223	7,955	3,028	278	2,760	3,258	-	21,767
Net book value									
As of 30 June 2017	881	268	3,923	3,559	19	976	2,713	-	12,339
As of 30 June 2016	1,095	306	2,533	1,429	31	748	3,418	-	9,560

(Forward)

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 2015	476	245	1,981	613	1,062	4,377
Additions	2	3	-	143	-	148
As of 30 June 2016/ 1 July 2016	478	248	1,981	756	1,062	4,525
Additions	3	13	-	280	-	296
As of 30 June 2017	481	261	1,981	1,036	1,062	4,821
Accumulated depreciation						
As of 1 July 2015	218	150	647	454	524	1,993
Charge for the year	48	19	396	77	108	648
As of 30 June 2016/ 1 July 2016	266	169	1,043	531	632	2,641
Charge for the year	47	17	396	112	107	679
As of 30 June 2017	313	186	1,439	643	739	3,320
Net book value						
As of 30 June 2017	168	75	542	393	323	1,501
As of 30 June 2016	212	79	938	225	430	1,884

Included in property, plant and equipment of the Group and of the Company are fully depreciated property, plant and equipment with a cost of RM11,105,000 (2016: RM8,356,000) and RM501,000 (2016: RM300,000) 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 RM3,931,000 (2016: RM2,516,000) and RM541,000 (2016: RM937,000) respectively.

As of 30 June 2017, motor vehicle of the Group with net book value of RM Nil (2016: RM9,000) was registered in the name of a third party in trust for the Group.

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	Leasehold properties under construction RM'000	Total RM'000
As of 1 July 2015	11,900	33,896	5,331	51,127
Fair value adjustments (Note 8)	-	400	-	400
Additions	-	-	17,596	17,596
Reclassification	-	5,611	(5,611)	-
Arising from acquisition of subsidiary companies (Note 14)	-	-	45,647	45,647
As of 30 June 2016	11,900	39,907	62,963	114,770
As of 1 July 2016	11,900	39,907	62,963	114,770
Fair value adjustments (Note 8)	-	(931)	-	(931)
Additions	-	-	31,840	31,840
As of 30 June 2017	11,900	38,976	94,803	145,679

(a) Investment properties

(i) At fair value

The fair values of the Group's investment properties as of 30 June 2017 have been arrived at by the directors based, among others, on valuations carried out in July 2017 by an independent firm of professional valuers that is 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 2 fair value item for the purposes of fair value hierarchy disclosure.

There were no transfers between Level 1 and 2 during the year.

(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.

(b) Investment properties pledged as securities

In 2016, 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. During the financial year, the Company has fully settled the RCSLS, accordingly, the said properties are in the process of being discharged from the trustee.

As of 30 June 2017, the investment properties under construction of the Group amounting to RM94,803,000 (2016: RM62,963,000) are charged to licensed banks for credit facilities granted to the Group as mentioned in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

12. INVESTMENT PROPERTIES (Cont'd)

- (c) The following are recognised in statements of profit or loss and other comprehensive income in respect of investment properties:

	The Group	
	2017 RM'000	2016 RM'000
Rental income	(966)	(885)
Direct operating expenses	949	572

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

	The Group	
	2017 RM'000	2016 RM'000
Interest expense on (Note 7): Revolving credits	1,581	633

13. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2017 RM'000	2016 RM'000
At beginning of year:		
Freehold land - at cost	35,661	38,840
Long-term leasehold land - at cost	8,500	8,500
Development expenditure	41,077	107,310
	85,238	154,650
Additions during the year:		
Freehold land - at cost	5	-
Development expenditure	8,789	17,992
	8,794	17,992
Transfer to property development costs (Note 18):		
Freehold land - at cost	-	(2,592)
Development expenditure	-	(64,249)
	-	(66,841)
Transfer to other receivables	-	(19,976)
Transfer to inventories:		
Freehold land	(13,042)	-
Development expenditure	(2,102)	-
	(15,144)	-
Impairment loss during the year (Note 8)	-	(587)
At end of year:		
Freehold land - at cost	22,624	35,661
Long-term leasehold land - at cost	8,500	8,500
Development expenditure	47,764	41,077
	78,888	85,238

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

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

	The Group	
	2017	2016
	RM'000	RM'000
Interest expense on (Note 7):		
Term loans	-	1

- (b) In 2016, 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. During the financial year, the Company has fully settled the RCSLS, accordingly, the said lands are in the process of being discharged from the trustee.
- (c) On 24 February 2015, Layar Raya Sdn Bhd ("LRSB"), a wholly owned subsidiary company, had received a notice from the Land Administrator ("State Admin") in relation to the compulsory acquisition of a portion of freehold land held under Lot 4294 and Lot 4295 measuring 9,590 square meters and 4,113 square meters respectively, both located within Mukim of Cheras, District of Ulu Langat, Selangor Darul Ehsan. On 21 May 2015, LRSB had received a letter from the State Admin offering a compensation of RM3,152,000 for the said portion of land to be acquired and compensation for injurious affection of RM737,000. On 26 June 2015, LRSB objected to the amount of compensation and has lodged an objection with the State Admin.

At the case management on 29 September 2016, the High Court directed the parties to submit additional documents. On 12 October 2016, LRSB submitted closing submissions. The High Court allowed the State Admin to postpone for submission of additional documents, which LRSB objected.

On 14 November 2016, East Klang Valley Expressway Sdn Bhd ("EKVE"), a third party, intervened the objection lodged by LRSB with the State Admin. The High Court fixed the matter for mention on 6 November 2017.

In 2016, LRSB had recognised the gain and compensation fees arising from the compulsory acquisition of land by the State Admin amounting to RM1,655,000 and RM737,000 (Note 8) respectively in the profit or loss.

- (d) In 2016, the development expenditure incurred on land held for property development amounting to RM19,976,000 was transferred to other receivables as this amount is to be written off against the revocation sum received upon completion of the Revocation and Rescission Agreement as disclosed in Note 20(c).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2017	2016
	RM'000	RM'000
Unquoted shares, at cost	505,859	503,360
Less: Accumulated impairment loss	(367)	(367)
	505,492	502,993

2017

(i) Acquisition of new subsidiary company:

(a) Amberstraits Sdn Bhd

On 12 January 2017, Khuan Choo Realty Sdn Bhd, an indirectly wholly-owned subsidiary company of the Group, subscribed for 100% of the issued and paid-up share capital of Amberstraits Sdn Bhd, a company incorporated in Malaysia, for a total cash consideration of RM2.

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

(a) Memang Perkasa Sdn Bhd

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

2016

(i) Acquisition of new subsidiary companies

(a) Macorp Sdn Bhd

On 7 July 2015, the Company subscribed for 80% and further acquired 7% of the issued and paid-up capital of Macorp Sdn Bhd ("MSB"), a company incorporated in Malaysia, for a total cash consideration of RM580,600.

(b) Memang Perkasa Sdn Bhd

On 27 January 2016, the Company subscribed for 51% of the issued and paid-up share capital of Memang Perkasa Sdn Bhd ("MPSB"), a company incorporated in Malaysia, for a total cash consideration of RM51,000.

Thereafter, Regal Marvel Construction Sdn Bhd, a subsidiary company, subscribed to the new redeemable preference shares in both companies.

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 held by the Group		Principal Activities
		2017 %	2016 %	
Direct Subsidiary Companies				
Khuan Choo Realty Sdn Bhd	Malaysia	100	100	Investment in property, investment holding, and provision of management services
Bukit Rimau Development Sdn Bhd	Malaysia	100	100	Property development
Domain Resources Sdn Bhd	Malaysia	100	100	Construction, project management, consultancy services and property trading
Domain Stable Construction Sdn Bhd	Malaysia	100	100	Property development
Pembinaan Gapadu Sdn Bhd	Malaysia	100	100	Property development
Regal Marvel Construction Sdn Bhd	Malaysia	100	100	Investment holding and provision of treasury and fund management services
Khuan Choo Property Management Sdn Bhd	Malaysia	100	100	Property development
Malton Development Sdn Bhd	Malaysia	100	100	Property development
Kumpulan Gapadu Sdn Bhd	Malaysia	100	100	Property development and investment holding
Layar Raya Sdn Bhd	Malaysia	100	100	Property development
Beijing Malton Investment Consultancy Ltd **	People’s Republic of China	100	100	Dormant
Malton Assets Limited **	British Virgin Islands	100	100	Dormant
Malton Asia Limited **	British Virgin Islands	100	100	Dormant
Ehsan Armada Sdn Bhd	Malaysia	100	100	Property development
Macorp Sdn Bhd	Malaysia	87	87	Investment holding
Memang Perkasa Sdn Bhd	Malaysia	51	51	Property development

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 held by the Group		Principal Activities
		2017 %	2016 %	
Indirect Subsidiary Companies (Held through Khuan Choo Realty Sdn Bhd)				
Asia-Condo Corporation Sdn Bhd	Malaysia	100	100	Property development and investment
Gapadu Development Sdn Bhd	Malaysia	100	100	Property development
Gapadu Harta Sdn Bhd	Malaysia	100	100	Property development
Khuan Choo Development Sdn Bhd	Malaysia	100	100	Property development
Horizontal Promenade Sdn Bhd	Malaysia	100	100	Property development
Rentak Sejati Sdn Bhd *	Malaysia	100	100	Property development
Silver Setup Sdn Bhd	Malaysia	100	100	Property development and investment holding
Khuan Choo Sdn Bhd *	Malaysia	100	100	Property trading
Melariang Sdn Bhd	Malaysia	100	100	Property development and investment holding
Amberstraits Sdn Bhd	Malaysia	100	-	Dormant
Indirect Subsidiary Companies (Held through Domain Resources Sdn Bhd)				
Domain Property Services Sdn Bhd	Malaysia	100	100	Property management services
DMP Construction Sdn Bhd	Malaysia	100	100	Dormant
Domain EPC Sdn Bhd	Malaysia	100	100	Project management
Domain Project Management Sdn Bhd	Malaysia	100	100	Dormant
Indirect Subsidiary Company (Held through Silver Setup Sdn Bhd)				
Silver Quest Development Sdn Bhd	Malaysia	100	100	Property development

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 held by the Group		Principal Activities
		2017 %	2016 %	
Indirect Subsidiary Company (Held through Melariang Sdn Bhd)				
Interpile (M) Sdn Bhd	Malaysia	100	100	Property development
Indirect Subsidiary Company (Held through Kumpulan Gapadu Sdn Bhd)				
Pioneer Haven Sdn Bhd	Malaysia	100	100	Property development
Indirect Subsidiary Company (Held through Amberstraits Sdn Bhd)				
Regal Path Sdn Bhd	Malaysia	100	-	Dormant

* 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	
		2017	2016
Property development	Malaysia	18	18
Construction contracts	Malaysia	3	3
Property trading	Malaysia	1	1
Investment holding	Malaysia	3	3
Dormant	Malaysia	4	2
	People's Republic of China	1	1
	British Virgin Islands	2	2
<hr/>			
Principal Activity	Country of Incorporation	Number of non-wholly-owned subsidiaries	
		2017	2016
Property development	Malaysia	1	1
Investment holding	Malaysia	1	1
<hr/>			

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

The details of the assets acquired and liabilities assumed from the acquisition of subsidiary companies in 2016 were as follows:

	MPSB		MSB		Total	
	Book Value RM'000	Fair Value RM'000	Book Value RM'000	Fair Value RM'000	Book Value RM'000	Fair Value RM'000
Property development cost (Note 18)	161,272	398,872	-	-	161,272	398,872
Investment properties (Note 12)	-	-	20,847	45,647	20,847	45,647
Other receivables	-	-	2,882	2,882	2,882	2,882
Cash and cash equivalents	106	106	399	399	505	505
Other payables	(121,314)	(121,314)	(4,838)	(4,838)	(126,152)	(126,152)
Borrowings	-	-	(10,500)	(10,500)	(10,500)	(10,500)
Deferred tax liabilities (Note 17)	-	(57,600)	-	(4,800)	-	(62,400)
Non-controlling interests	-	(187,013)	-	(209)	-	(187,222)
Net assets acquired	40,064	33,051	8,790	28,581	48,854	61,632
Cost of investment: Fair value of consideration, satisfied by cash		33,051		28,581		61,632
Goodwill		-		-		-
Cash flow on acquisition of subsidiary companies: Consideration paid		33,051		28,581		61,632
Less: Cash and cash equivalents		(106)		(399)		(505)
Cash flow on acquisition, net of cash and cash equivalents acquired		32,945		28,182		61,127

Management judgement was involved in determining the fair value of these identified assets and liabilities based on acceptable valuation procedures and practices that rely on the use of numerous reasonable assumptions.

Details of non-wholly owned subsidiary companies that have material non-controlling interests 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)	
		2017	2016	2017	2016	2017	2016
		%	%	RM'000	RM'000	RM'000	RM'000
MPSB	Malaysia	49	49	(40)	(55)	179,418	186,957
MSB	Malaysia	13	13	(66)	(37)	87	153
						179,505	187,110

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 subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	2017 RM'000	2016 RM'000
MPSB		
Non-current assets	254,181	257,147
Current liabilities	(32,349)	(30,233)
Equity attributable to owners of the Company	42,414	39,957
Non-controlling interests	179,418	186,957

	2017 RM'000	2016 RM'000
Selling and distribution expenses	(40)	(51)
Administration expenses	(41)	(62)
Loss before tax	(81)	(113)
Income tax expense	-	-
Loss for the year/period	(81)	(113)

	2017 RM'000	2016 RM'000
MSB		
Current assets	569	216
Non-current assets	72,331	39,613
Current liabilities	(35,175)	(22,920)
Non-current liabilities	(29,475)	(8,149)
Equity attributable to owners of the Company	8,163	8,607
Non-controlling interests	87	153

	2017 RM'000	2016 RM'000
Other income	8	49
Administrative expenses	(109)	(201)
Finance costs	(408)	(131)
Loss before tax	(509)	(283)
Income tax expense	-	-
Loss for the year/period	(509)	(283)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. INVESTMENT IN ASSOCIATED COMPANIES

	The Group	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	*	*
Share in post-acquisition reserves	2,232	2,413
	2,232	2,413

* The cost of investment is RM45 as of 30 June 2017 and 30 June 2016.

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

	2017 RM'000	2016 RM'000
Assets and Liabilities		
Total assets	187,993	165,152
Total liabilities	(167,475)	(146,237)
Net assets	20,518	18,915
Group's share of net assets of associated companies	2,232	2,413
Results		
Total revenue	5,000	4,780
Profit/(Loss) for the financial year	1,356	(8,287)
Group's share of loss for the financial year	(181)	(1,999)

The details of the associated companies are as follows:

Name	Country of Incorporation	Proportion of ownership interest/voting rights held by the Group		Principal Activities
		2017 %	2016 %	
Indirect Associated Company (Held through Khuan Choo Sdn Bhd)				
Reliance Star Limited ^	British Virgin Islands	45	45	Investment holding
Indirect Associated Company (Held through Reliance Star Limited)				
Perfect Express Global Ltd ^	British Virgin Islands	45	45	Investment holding

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/voting rights held by the Group		Principal Activities
		2017 %	2016 %	
Indirect Associated Company (Held through Perfect Express Global Ltd)				
Inai Berkat Sdn Bhd *@	Malaysia	45	45	Investment holding
Indirect Associated Company (Held through Inai Berkat Sdn Bhd)				
Flora Bliss Property Development Sdn Bhd *@#	Malaysia	15	15	Winding-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 2016.

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

The members' voluntary liquidation of Flora Bliss Property Development Sdn Bhd, is in the progress of winding-up pursuant to the Section 445(2) of the Companies Act, 2016.

16. OTHER INVESTMENTS

	The Group	
	2017 RM'000	2016 RM'000
Transferable golf and country club memberships - at cost	245	245

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:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax assets	4,253	7,871	462	-
Deferred tax liabilities	(62,450)	(62,692)	-	(242)
	(58,197)	(54,821)	462	(242)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

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

The Group 2017	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	(57,600)	-	(57,600)
Investment properties	(4,800)	-	(4,800)
Redeemable Convertible Secured Loan Stocks ("RCSLS")	(704)	704	-
Property, plant and equipment	(421)	(417)	(838)
Others	(279)	575	296
	(63,804)	862	(62,942)
Deferred tax assets:			
Unused tax losses	6,719	(3,555)	3,164
Other payables and accrued expenses	2,243	(185)	2,058
Unabsorbed capital allowances	21	(498)	(477)
	8,983	(4,238)	4,745
	(54,821)	(3,376)	(58,197)

The Group 2016	At beginning of year RM'000	Acquisition of Subsidiary Companies (Note 14) RM'000	Recognised in profit or loss (Note 9) RM'000	At end of year RM'000
Deferred tax liabilities:				
Assets classified as held for sale	(4,200)	-	4,200	-
Redeemable Convertible Secured Loan Stocks ("RCSLS")	(1,799)	-	1,095	(704)
Property, plant and equipment	(575)	-	154	(421)
Others	(122)	-	(157)	(279)
Property development cost	-	(57,600)	-	(57,600)
Investment properties	-	(4,800)	-	(4,800)
	(6,696)	(62,400)	5,292	(63,804)
Deferred tax assets:				
Unused tax losses	4,644	-	2,075	6,719
Other payables and accrued expenses	2,432	-	(189)	2,243
Property development costs	74	-	(74)	-
Unabsorbed capital allowances	-	-	21	21
	7,150	-	1,833	8,983
	454	(62,400)	7,125	(54,821)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

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

The Company 2017	At beginning of year RM'000	Recognised in profit or loss (Note 9) RM'000	At end of year RM'000
Deferred tax liabilities:			
Redeemable Convertible Secured Loan Stocks ("RCSLS")	(704)	704	-
Property, plant and equipment	(100)	29	(71)
	(804)	733	(71)
Deferred tax assets:			
Other payables and accrued expenses	562	(29)	533
	(242)	704	462

The Company 2016	At beginning of year RM'000	in profit or loss (Note 9) RM'000	At end of year RM'000
Deferred tax liabilities:			
Redeemable Convertible Secured Loan Stocks ("RCSLS")	(1,799)	1,095	(704)
Property, plant and equipment	(94)	(6)	(100)
	(1,893)	1,089	(804)
Deferred tax assets:			
Other payables and accrued expenses	390	172	562
	(1,503)	1,261	(242)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. PROPERTY DEVELOPMENT COSTS

	The Group	
	2017 RM'000	2016 RM'000
At beginning of year:		
Freehold land - at cost	12,724	22,887
Freehold land - proprietor's entitlement	80,206	90,771
Long-term leasehold land - at cost	120,682	120,841
Long-term leasehold land - proprietor's entitlement	657,093	225,581
Development expenditure	610,270	297,478
	1,480,975	757,558
Arising from acquisition of subsidiary companies (Note 14)	-	398,872
Additions during the year:		
Freehold land - at cost	4	-
Freehold land - proprietor's entitlement	314,240	5,813
Long-term leasehold land - proprietor's entitlement	10,143	25,572
Development expenditure	413,966	402,109
	738,353	433,494
Transfer from land held for property development (Note 13):		
Freehold land - at cost	-	2,592
Development expenditure	-	64,249
	-	66,841
Cumulative costs recognised as an expense in profit or loss:		
Previous years	(306,131)	(181,949)
Current year (Note 6)	(415,065)	(273,937)
Closed out due to completion of projects	350,750	149,755
	(370,446)	(306,131)
Costs closed out during the year due to completion of projects	(350,750)	(149,755)
Impairment losses:		
Transfer from provision for affordable housing obligation (Note 32(a))	-	(1,539)
Transfer to inventories	(31,015)	(24,496)
At end of year	1,467,117	1,174,844

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

	The Group	
	2017 RM'000	2016 RM'000
Interest expense on (Note 7):		
Term loans/bridging loans	18,935	15,152

(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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. PROPERTY DEVELOPMENT COSTS (Cont'd)

- (c) In 2016, the long-term leasehold land under property development of the Group amounting to RM21,783,000 was charged to the trustee as securities for the RCSLS as mentioned in Note 28. During the financial year, the Company has fully settled the RCSLS, accordingly, the said properties are in the process of being 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 RM18,330,000 (2016: RM15,629,000), RM28,692,000 (2016: RM194,591,000), RM989,401,000 (2016: RM236,994,000) and RM309,761,000 (2016: RM384,178,000), 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 wholly-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 term 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 (2016: RM160,000,000), of which RM93,200,000 (2016: RM93,200,000) (Note 32(c)) is payable to Yayasan WP upon the fulfillment of condition precedent pursuant to the JVA.

- (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 RM394,446,000 (2016: RM80,206,000), of which RM274,778,000 (2016: RM Nil) (Note 32 (d)) is payable to BJDSB, a third party. The directors have recognised the said proprietor's entitlement progressively in respect of 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 totaling RM34,011,000 (2016: RM Nil), 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, (2016: RM102,000,000), of which RM5,372,000 (2016: RM Nil) (Note 32(c)) is payable to GMSB, a third party.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

18. PROPERTY DEVELOPMENT COSTS (Cont'd)

- (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 cost is long-term leasehold land proprietor's entitlement amounting to RM74,800,000, (2016: RM74,800,000), of which RM226,000 (2016: RM Nil) (Note 32 (c)) is payable to VCSB, a third party.

19. INVENTORIES

	The Group	
	2017	2016
	RM'000	RM'000
Completed properties	86,018	94,091
Commercial land	9,000	9,000
Bungalow land	2,597	2,597
	97,615	105,688

The Group recognised an expense of RM2,755,000 (2016: RM Nil) (Note 8) in respect of inventories written down to its net realisable value.

In 2016, inventories amounting to RM13,879,000 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.

Included in inventories are completed properties with cost amounting to RM26,278,000 (2016: RM37,254,000) charged to licensed banks for credit facilities granted to the Company as mentioned in Note 30.

Included in inventories are completed properties and commercial land with cost amounting to RM37,607,000 (2016: RM22,879,000) charged to licensed banks for credit facilities granted to certain subsidiary companies as mentioned in Note 30.

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 (2016: 7 to 90 days) unless otherwise agreed under contractual obligations.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

Trade receivables are as follows:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables	128,904	61,383	74	-
Less: Allowance for doubtful debts	-	-	-	-
Net	128,904	61,383	74	-
Retention sum held by contract customers (Note 21)	29,394	22,186	-	-
Stakeholder sum held by solicitors	6,095	21,539	-	-
	164,393	105,108	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 (2016: 6 to 24 months).

Ageing of past due but not impaired

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Past due more than 1 month	8,095	5,004	-	-
Past due 1 to 2 months	4,870	1,811	-	-
Past due more than 2 months	24,443	19,527	74	-
Total	37,408	26,342	74	-

Movement in the allowance for doubtful debts

	The Group	
	2017 RM'000	2016 RM'000
At beginning of year	-	14
Written off	-	(14)
At end of year	-	-

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:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables (Notes (a), (b), (c), (d) and (e))	325,238	334,721	479	524
Less: Allowance for doubtful debts (Note (b))	(3,095)	-	-	-
	322,143	334,721	479	524
Advance to an indirect associated company (Note (f))	19,245	19,245	-	-
Deposits (Note (g))	11,209	15,817	117	121
Prepaid expenses	204	369	47	10
	352,801	370,152	643	655

Movement in the allowance for doubtful debts

	The Group	
	2017 RM'000	2016 RM'000
At beginning of year	-	-
Impairment loss recognised (Note 8)	3,095	-
At end of year	3,095	-

(a) Included in other receivables of the Group is an amount of RM17,472,000 (2016: RM24,769,000), 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").

(b) 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.

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 (2016: RM17,000,000) was 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 2017, the amount receivable from the said third party is RM12,935,000 (2016: RM16,030,000), net of allowance for doubtful debts amounting to RM3,095,000 (2016: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

- (c) Included in other receivables of the Group is an amount of RM228,488,000 (2016: RM228,488,000) which represents 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. SSSB shall be entitled to 82% of the gross development value of the proposed development and is solely responsible to meet the cost of the proposed development. BKDSB's entitlement under the joint development agreement is 18% of the gross development value of the proposed joint development, subject to not less than RM300 million.

The entitlements of BKDSB shall be in kind being parcel or parcels and/or units comprised in the proposed joint development, whereby SSSB shall have the right to sell the BKDSB's entitlement on behalf of BKDSB.

The title deeds in respect of the long-term leasehold land are registered under the name of BKDSB, and these title deeds will be transferred directly to property buyers upon sale of the properties. As of 30 June 2017, the long-term leasehold land is charged to a licensed bank for credit facilities granted to Company as disclosed in Note 30.

On 28 June 2016, BKDSB has decided to sell the long-term leasehold land to a third party. Simultaneously, SSSB has 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.

Included in other receivables of the Group, is an amount of RM14,976,000 (2016: RM19,976,000 as disclosed in (Note 13 (d)) incurred in respect of the said property development, which will be written off against the revocation sum received upon the completion of the RRA.

The RRA were completed on 14 September 2017.

- (d) Included in other receivables of the Group is an amount of RM11,051,000 (2016: RM8,798,000), 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.

- (e) The Group recognised an expense of RM53,000 (2016: RM Nil) (Note 8), in respect of bad debt written off from Layar Raya Sdn Bhd, a wholly-owned subsidiary company.
- (f) Advance to an indirect associated company amounting to RM19,245,000 (2016: RM19,245,000) is interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

(g) Included in deposits of the Group in 2016 was an amount of RM10,000,000 placed by Horizontal Promenade Sdn Bhd ("HPSB"), a wholly-owned subsidiary company, with stakeholder for impending acquisition of development land or undertake joint development with a third party in respect of the development land. During the financial year, the said deposit was refunded to HPSB as the acquisition was not successful.

21. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2017 RM'000	2016 RM'000
Contract costs incurred	1,465,389	902,243
Add: Profit attributable to development work performed to date	196,137	108,434
	1,661,526	1,010,677
Less: Progress billings received and receivable	(1,648,968)	(1,009,561)
Amount due from contract customers	12,558	1,116
Retention sum held by contract customers (included under trade receivables) (Note 20)	29,394	22,186
Retention sum payable to sub-contractors (included under trade payables) (Note 32)	58,527	46,654

Included in current additions to contract costs are the following:

	The Group	
	2017 RM'000	2016 RM'000
Staff costs	12,278	11,386
Rental of equipment	5,946	3,015

Staff costs 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 RM1,400,000 (2016: RM1,269,000).

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 at 6.27% (2016: 6.27%) 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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.
Crabtree & Evelyn (Malaysia) Sdn Bhd	A company in which certain directors of the Company, namely Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong have indirect 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.

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

	The Company	
	2017 RM'000	2016 RM'000
With subsidiary companies:		
Dividends received (Note 5)	29,640	26,600
Management fee received/receivable (Note 5)	21,312	11,934
Interest income received/receivable (Note 8)	5,564	5,236
Transfer of tax credits to the Company	915	-
Accounting fees paid/payable	(60)	(60)

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
With related parties:				
Impian Ekspresi Sdn Bhd				
Disposal of investment properties	-	154,000	-	-
Progress billing receivable	61,478	21,942	-	-
Harmoni Perkasa Sdn Bhd				
Progress billing receivable	61,372	42,516	-	-
Pavilion REIT				
Rental of premises paid/payable	3,017	3,015	292	292
Crabtree & Evelyn (Malaysia) Sdn Bhd				
Purchase of gifts and hampers	258	430	236	304
Sale of properties to certain directors and family members of certain directors of the Company	29,614	7,320	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

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

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits	7,272	7,365	5,699	5,582
Defined contribution plans	794	723	638	638
Share options granted under ESOS	672	-	637	-
	8,738	8,088	6,974	6,220

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 RM233,000 and RM196,000 (2016: RM184,000 and RM137,000), 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

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Available-for-sale				
Investments in unit trust funds in Malaysia	1,530	1,421	1,427	1,379

24. CASH AND BANK BALANCES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	45,498	56,469	586	29,337
Housing Development Accounts	27,535	36,582	-	-
	73,033	93,051	586	29,337

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 RM25,180,000 (2016: RM11,405,000) under Retail Shops Proceed Account and are restricted from use in other operations.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

25. SHARE CAPITAL

	The Group and the Company			
	2017		2016	
	No. of shares (‘000)	RM’000	No. of shares (‘000)	RM’000
Authorised:				
Ordinary shares	-	-	1,000,000	1,000,000
Issued and fully paid:				
Ordinary shares				
At beginning of year	448,416	448,416	448,416	448,416
Issuance of shares:				
Conversion of RCSLS (Note 28)	68,490	68,490	-	-
Employees’ Share Option Scheme (“ESOS”)	10,871	11,264	-	-
Transfer arising from “no-par-value” regime (Note 26)	-	6	-	-
At end of year	527,777	528,176	448,416	448,416

During the financial year, the issued and paid-up share capital of the Company was increased from RM448,415,812 to RM528,169,339 pursuant to the conversion of Redeemable Convertible Secured Loan Stocks and exercise of Employees’ Share Option Scheme. 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	
	2017 Unit ‘000	2016 Unit ‘000
At beginning of year	-	-
Granted	16,115	-
Exercised	(10,871)	-
At end of year	5,244	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

25. SHARE CAPITAL (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;
- (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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

25. SHARE CAPITAL (Cont'd)

Warrants (Cont'd)

Movement in the Warrants during the financial year is as follows:

	Number of Warrants	
	2017	2016
	Unit '000	Unit '000
At beginning of year	139,301	139,301
Exercised during the year	-	-
At end of year	139,301	139,301

26. RESERVES

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	-	6	-	6
Available-for-sale reserve	51	52	75	76
Revaluation reserve	2,065	2,065	-	-
Option reserve	1,238	-	1,238	-
Warrant reserve	20,546	20,546	20,546	20,546
Equity component of RCSSL	-	2,887	-	2,887
Distributable:				
Retained earnings	318,066	264,525	16,119	747
Total	341,966	290,081	37,978	24,262

Share premium

Share premium arose from the exercise of warrants in 2012. During the current financial year, the amount has been transferred to share capital in accordance with the Companies Act, 2016.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

26. RESERVES (Cont'd)

Warrant reserve

Warrant reserve relates to the fair value of warrants in relation to the issuance of RCSLS.

Equity component of RCSLS

This represents the residual amount of RCSLS after deducting the fair value of the liability component and warrant component. This amount is presented net of deferred tax liability arising from RCSLS. As of 30 June 2017, the Company has fully settled the RCSLS.

Retained earnings

As of 30 June 2017, 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 32,200,000 (2016: 34,000,000) Redeemable Preference Shares ("RPS") issued by Memang Perkasa Sdn Bhd ("MPSB") a subsidiary company, which is held by Tegas Dinamik Sdn Bhd ("TDSB"), a third party, amounting to RM177,100,000 (2016: RM187,000,000).

During the financial year, the Group redeemed 1,800,000 redeemable preference shares of a subsidiary company, which was held by TDSB, for a total redemption price of 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.
- (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.

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 are 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS") (Cont'd)

The salient features of the RCSLS are as follows: (Cont'd)

- (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 is 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.

During the financial year, the Company has fully settled the RCSLS, accordingly, these properties are in the process of being discharged from the trustee.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS") (Cont'd)

The liability component of the RCSLS is recognised in the statements of financial position as follows:

	The Group and The Company	
	2017 RM'000	2016 RM'000
At beginning of year	93,681	108,310
Imputed interest expense (Note 7)	4,457	10,405
Interest paid during the year	(1,886)	(5,783)
Conversion during the year (Note 25)	(68,490)	-
Redemption during the year	(27,762)	(19,251)
At end of year	-	93,681
Less: Amount due within next 12 months (included under current liabilities)	-	(25,667)
Non-current portion	-	68,014

29. REDEEMABLE PREFERENCE SHARES

	The Group	
	2017 RM'000	2016 RM'000
3,000,000 redeemable preference shares of RM1 each	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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

29. REDEEMABLE PREFERENCE SHARES (Cont'd)

- (g) The RPS shall not be convertible into ordinary shares of PHSB.
- (h) 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.

30. BANK BORROWINGS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Secured:				
Long-term loans	336,246	268,090	-	-
Bank overdrafts (Note 34)	28,055	17,372	4,964	4,960
Revolving credits	169,864	85,437	62,000	34,000
Trade facilities	13,285	50,000	-	-
Bridging loans	44,563	44,502	-	-
	592,013	465,401	66,964	38,960
Less: Amount due within next 12 months (included under current liabilities)	(484,640)	(296,506)	(66,964)	(38,960)
Non-current portion	107,373	168,895	-	-

The non-current portion is repayable as follows:

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Between 1 - 2 years	38,368	87,290	-	-
Between 2 - 5 years	49,189	81,605	-	-
More than 5 years	19,816	-	-	-
	107,373	168,895	-	-

As of 30 June 2017, the Group and the Company have the following credit facilities from licensed banks:

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Secured:				
Term loans	742,000	677,000	-	-
Bridging loans	414,968	379,968	-	-
Revolving credits	223,000	173,000	90,000	40,000
Trade facilities	63,286	50,000	-	-
Bankers guarantee	55,750	44,880	2,000	2,000
Bank overdrafts	28,000	28,000	-	-
Islamic financing	18,000	18,000	5,000	5,000
	1,545,004	1,370,848	97,000	47,000

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

30. BANK BORROWINGS (Cont'd)

The interest rates per annum are as follows:

	The Group		The Company	
	2017 per annum	2016 per annum	2017 per annum	2016 per annum
Secured:				
Term loans	5.40% to 8.15%	4.88% to 8.10%	-	-
Bridging loans	8.10%	7.75% to 8.10%	-	-
Revolving credits	5.37% to 7.90%	5.85% to 8.10%	5.37% to 7.90%	5.90% to 8.10%
Bank overdrafts	8.15% to 8.67%	7.35% to 8.85%	-	-
Islamic financing	6.80% to 7.85%	7.85% to 8.35%	7.85%	7.85%

The borrowings of the Group and of the Company are secured against the following:

- (i) Charge over the investment properties, property development, completed properties and commercial land of certain subsidiary companies as mentioned in Notes 12, 18, 19 and 20, respectively.
- (ii) A debenture incorporating a fixed and floating charge over present and future assets of certain subsidiary companies.
- (iii) Fixed deposits of certain subsidiary companies 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

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total outstanding	6,409	2,552	528	897
Less: Interest-in suspense outstanding	(510)	(196)	(17)	(46)
Principal outstanding	5,899	2,356	511	851
Less: Amount due within 12 months (included under current liabilities)	(2,162)	(720)	(337)	(339)
Non-current portion	3,737	1,636	174	512

The non-current portion is payable as follows:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Between 1 – 2 years	2,124	710	174	337
Between 2 – 5 years	1,613	926	-	175
	3,737	1,636	174	512

For the financial year ended 30 June 2017, the effective interest rates for the hire-purchase payables of the Group and of the Company range from 2.38% to 4.84% (2016: 4.33% to 5.82%) per annum and 4.37% to 4.50% (2016: 4.37% to 4.50%) per annum respectively. Interest rates are fixed at the inception of the hire-purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

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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 (2016: 30 to 120 days).

Trade payables are as follows:

	The Group	
	2017	2016
	RM'000	RM'000
Trade payables	161,028	191,136
Accrued costs to completion of projects	11,581	15,248
Accrued uncertified work performed by sub-contractors	184,393	137,065
	357,002	343,449
Retention sum payable to sub-contractors (Note 21)	58,527	46,654
	415,529	390,103

Other payables and accrued expenses are as follows:

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other payables (Note (c) and (d))	400,939	114,964	2,140	866
Accrued expenses	22,621	16,654	3,779	4,041
Amount owing to directors (Note (b))	-	52	-	-
Provision for affordable housing obligations (Note (a))	-	-	-	-
	423,560	131,670	5,919	4,907
Less: Other payable - non-current portion (Note (d))	(170,202)	-	-	-
	253,358	131,670	5,919	4,907

(a) Movement in the provision for affordable housing obligations is as follows:

	The Group	
	2017	2016
	RM'000	RM'000
At beginning of year	-	4,700
Provision for affordable housing obligations no longer required (Note 8)	-	(3,161)
Transfer to property development costs (Note 18)	-	(1,539)
At end of year	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

32. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (Cont'd)

- (b) In 2016, amount owing to directors, which arose mainly from unsecured advances, was interest-free and repayable on demand.
- (c) Included in other payables are proprietor's entitlements payable to Yayasan WP, Gagasan Matrik Sdn Bhd and Virtue Court Sdn Bhd, third parties, of RM93,200,000 (Note 18 (e)), RM5,372,000 (Note 18 (g)), and RM226,000 (Note 18 (h)) (2016: RM93,200,000, RM Nil and RM Nil) respectively.
- (d) Included in other payables is an amount of 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 2017, an amount payable to the said third party of RM170,202,000 (2016: RM Nil) is classified as non-current as the amount is due after the next 12 months.

33. DIVIDENDS

	The Group and The Company	
	2017 RM'000	2016 RM'000
Declared to the equity holders of the Company:		
First and final single-tier dividend of 2.5 sen per share		
(2016: First and final single-tier dividend of 3.0 sen per share)	11,211	13,452

The directors have proposed a first and final single-tier dividend of 2.5 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 2018.

34. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposits with licensed banks	9,915	4,092	2,230	2,230
Cash and bank balances (Note 24)	73,033	93,051	586	29,337
Bank overdrafts (Note 30)	(28,055)	(17,372)	(4,964)	(4,960)
	54,893	79,771	(2,148)	26,607
Less: Non cash and cash equivalents:				
RCSLS Debts Service Reserve and Disbursements Accounts - Note (a)	-	(28,201)	-	(28,201)
Fixed deposits pledged to licensed banks - Note (b)	(9,915)	(4,092)	(2,230)	(2,230)
	44,978	47,478	(4,378)	(3,824)

- (a) In 2016, this represented amount placed for purposes of servicing of interest of RCSLS, progressive and early redemption of RCSLS in accordance with the provisions of the Security Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

34. CASH AND CASH EQUIVALENTS (Cont'd)

- (b) Included in fixed deposits with licensed banks of the Group and of the Company is an amount of RM9,915,000 (2016: RM4,092,000) and RM2,230,000 (2016: RM2,230,000) respectively, pledged to financial institutions for banking facilities granted to subsidiary companies as mentioned in Note 30.

The interest rates for fixed deposits range from 2.85% to 3.35% (2016: 2.60% to 3.15%) per annum. The fixed deposits have a maturity period of 1 to 365 days (2016: 1 to 365 days).

35. CAPITAL COMMITMENT

	The Group	
	2017 RM'000	2016 RM'000
Approved and contracted for:		
Investment property	28,733	56,208
Proprietor's entitlements	-	145,161
	28,733	201,369

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.

NOTES TO THE FINANCIAL STATEMENTS

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36. SEGMENTAL REPORTING (Cont'd)

2017	Property development RM'000	Construction contracts RM'000	Property trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	550,904	209,386	69,289	1,160	-	830,739
Inter-segment sales	-	364,228	-	51,570	(415,798)	-
	550,904	573,614	69,289	52,730	(415,798)	830,739
Results						
Segment results	73,901	37,982	15,388	14,389	(13,747)	127,913
Distribution income on short-term funds and interest income						3,190
Finance costs						(16,257)
Share in results of associated companies						(181)
Profit before tax						114,665
Income tax expense						(51,484)
Profit for the year						63,181
Attributable to:						
Owners of the Company						63,287
Non-controlling interests						(106)
						63,181
Assets						
Segment assets	1,974,775	671,740	82,951	1,525,759	(1,663,393)	2,591,832
Unallocated assets						4,484
						2,596,316
Liabilities						
Segment liabilities	1,301,481	484,987	47,235	1,188,539	(1,573,775)	1,448,467
Unallocated liabilities						98,202
						1,546,669
Other information						
Capital expenditure	2,209	4,362	-	295	-	6,866
Depreciation of property, plant and equipment	1,336	1,591	-	705	-	3,632

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

36. SEGMENTAL REPORTING (Cont'd)

2016	Property development RM'000	Construction contracts RM'000	Property trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	412,740	214,362	4,420	694	-	632,216
Inter-segment sales	-	289,533	-	39,162	(328,695)	-
	412,740	503,895	4,420	39,856	(328,695)	632,216
Results						
Segment results	74,328	33,579	248	19,811	(45,436)	82,530
Distribution income on short-term funds and interest income						7,475
Finance costs						(16,805)
Share in results of associated companies						(1,999)
Profit before tax						71,201
Income tax expense						(34,886)
Profit for the financial year						36,315
Attributable to:						
Owners of the Company						36,427
Non-controlling interests						(112)
						36,315
Assets						
Segment assets	1,424,611	543,949	92,856	1,326,056	(1,294,576)	2,092,896
Unallocated assets						8,504
						2,101,400
Liabilities						
Segment liabilities	806,310	395,249	48,368	1,051,430	(1,208,039)	1,093,318
Unallocated liabilities						82,475
						1,175,793
Other information						
Capital expenditure	734	1,208	-	146	-	2,088
Depreciation of property, plant and equipment	864	1,102	-	767	-	2,733

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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 2016.

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 2017.

The Group is not subject to externally imposed capital requirements.

Gearing ratio

The gearing ratio at end of the reporting period is as follows:

	The Group	
	2017 RM'000	2016 RM'000
Total debts	600,912	564,438
Deposits, cash and bank balances	(73,033)	(64,850)
Net debts	527,879	499,588
Equity	870,142	738,497
Debt to equity ratio	60.67%	67.65%

Total debts are defined as redeemable convertible secured loan stocks, redeemable preference shares, long and short-term borrowings and hire-purchase payables as described in Notes 28, 29, 30 and 31.

Equity includes all capital and reserves of the Group that are managed as capital.

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 asset, financial liability and equity instrument are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

Categories of Financial Instruments

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables -				
At amortised cost				
Trade receivables	164,393	105,108	74	-
Other receivables	352,597	369,783	596	645
Amount owing by subsidiary companies	-	-	130,375	74,328
Fixed deposits with licensed banks	9,915	4,092	2,230	2,230
Cash and bank balances	73,033	93,051	586	29,337
Available-for-sale				
Other investments	245	245	-	-
Short-term funds	1,530	1,421	1,427	1,379
Other financial liabilities -				
At amortised cost				
Trade payables	415,529	390,103	-	-
Other payables and accrued expenses	423,560	131,670	5,919	4,907
Amount owing to subsidiary companies	-	-	104	266
Bank borrowings	592,013	465,401	66,964	38,960
Redeemable convertible secured loan stocks	-	93,681	-	93,681
Redeemable preference shares	3,000	3,000	-	-
Hire-purchase payables	5,899	2,356	511	851

(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.

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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 quoted 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 Notes 30.

Interest rate exposure is measured using sensitivity analysis as disclosed below:

Interest rate sensitivity analysis

The sensitivity analyses 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 profit for the financial year ended 30 June 2017 would decrease/increase by RM2,250,000 (2016: RM2,124,000). 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

As at the end of the reporting period, the Group's and the Company'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.

(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 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 may be required to pay.

	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 2017						
Non-interest bearing instruments	-	671,887	104,759	65,443	-	842,089
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 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*	-	-	-	-	-	-

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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37. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Financial Risk Management Objectives (Cont'd)

(d) Liquidity Risk Management (Cont'd)

The Group 2016	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	-	524,773	-	-	-	524,773
Redeemable convertible secured loan stocks	7.71	31,443	36,319	38,501	-	106,263
Hire-purchase payables	4.84	528	726	660	638	2,552
Variable interest rate instruments	7.08	287,290	160,552	126,970	5,087	579,899
<hr/>						
The Company 2016						
Non-interest bearing instruments	-	5,173	-	-	-	5,173
Redeemable convertible secured loan stocks	7.71	31,443	36,319	38,501	-	106,263
Hire-purchase payables	4.39	338	352	207	-	897
Variable interest rate instruments	8.35	42,213	-	-	-	42,213
Financial guarantee*	-	-	-	-	-	-
<hr/>						

* 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 RM Nil.

(e) Cash Flow Risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

37. FINANCIAL INSTRUMENTS (Cont'd)

(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 of the reporting period.

(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:

	The Group	
	2017	2016
	RM'000	RM'000
Level 2		
Available-for-sale financial assets:		
Short-term funds #	1,530	1,421
Other investments ^	245	245

	The Company	
	2017	2016
	RM'000	RM'000
Level 2		
Available-for-sale financial assets:		
Short-term funds #	1,427	1,379

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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38. CORPORATE GUARANTEES

	The Company	
	2017	2016
	RM'000	RM'000
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	537,194	430,511
Corporate guarantee given to contractors/suppliers of subsidiary companies	4,166	5,747
	541,360	436,258

The total amount of corporate guarantees provided by the Company to financial institutions for the credit facilities granted to subsidiary companies amounted to RM537,194,000 (2016: RM430,511,000). The financial guarantees have not been recognised 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.

39. SUBSEQUENT EVENT

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

SUPPLEMENTARY INFORMATION

DISCLOSURE ON REALISED AND UNREALISED PROFITS

40. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 30 June 2017 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total share of retained earnings of the Group and of the Company				
Realised	585,466	513,588	16,025	2,027
Unrealised	16,925	23,977	94	(1,280)
Total share of retained earnings from associated companies				
Realised	2,209	2,413	-	-
Unrealised	23	-	-	-
	604,623	539,978	16,119	747
Less: Consolidation adjustments	(286,557)	(275,453)	-	-
Total retained earnings as per statements of financial position (Note 26)	318,066	264,525	16,119	747

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulting from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Securities and is not made for any other purposes.

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 Financial Reporting Standards and the provisions 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 2017 and of their financial performance and their cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out in Note 40, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements” as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors,

LIM SIEW FAI

CHUA THIAN TECK

Kuala Lumpur
23 October 2017

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 23rd day of October, 2017.

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 2017 RM'000	Date of acquisition/revaluation*
Geran No. 105491 Lot No. 65305 Pekan Serdang Daerah Petaling Selangor	Freehold	3.40 acres	3.40 acres	Proposed residential development	18,330	16.8.2006*
Geran 36409, Lot No. 3783, Mukim and Daerah Klang Selangor	Freehold	387.74 acres	4.63 acres	Proposed mixed development	13,459	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	28,692	24.6.2002
Geran No. 123368 Lot 4193 Geran No. 123369 Lot 4194	Freehold	41.73 acres	38.34 acres	Proposed mixed development	17,336	22.8.2006
Geran No. 123370 Lot 4195						24.5.2007
Geran No. 31298 Lot 4293						30.6.2007
Geran No. 31299 Lot 4294						
Geran No. 31300 Lot 4295						
Geran No. 31301 Lot 4296 Mukim Cheras District of Ulu Langat Selangor						

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 2017 RM'000	Date of acquisition/ revaluation*
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	3,481	27.7.2002
HS(D) 177909, PT4 Seksyen 27 Bandar Petaling Jaya Daerah Petaling Selangor	Leasehold expiring on 18.08.2101	0.67 acres	0.67 acres	Proposed commercial development	9,661	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 residential development	172,835	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 revaluation

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 2017 RM'000	Date of acquisition/ revaluation*
Mezzanine Floor Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	33	7,631.62	Office	5,500	30.6.2017*
Level 6 Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	33	8,976.00	Office	6,400	30.6.2017*
HS(D) 120103 PT 111, Seksyen 57 Bandar Kuala Lumpur WP Kuala Lumpur	Leasehold expiring on 11.11.2113	Under development Land area of 1,422 sq m		Office	73,487	29.5.2015
Unit 2-111A, 2nd Floor, Endah Parade Shopping Mall, Bukit Jalil Kuala Lumpur	Leasehold expiring on 19.2.2083	18	462.00	Retail	296	1.12.1996
4th Floor, Wisma Techna, No.18A Section 51A/223 46100 Petaling Jaya Selangor	Leasehold expiring on 8.9.2067	19	20,342.00	Office	7,400	30.6.2017*
15th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	16	12,989.00	Office	7,300	30.6.2017*
20th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	16	10,060.00	Office	7,900	30.6.2017*
21st & 22nd Floor Menara Liberty 1008, Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	16	21,673.00	Office	11,400	30.6.2017*
L12-21, L12-22, L12-23, Wangsa 118 Jalan Wangsa Delima Wangsa Maju Kuala Lumpur	Leasehold expiring on 19.4.2104	2	8,839.00	Office	4,680	30.6.2017

* Date of valuation

STATEMENT OF SECURITIES HOLDERS

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ORDINARY SHARES AS AT 29 SEPTEMBER 2017

Issued Share Capital	:	RM528,251,409 divided into 527,850,341 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2017

Size of Shareholdings	No of Holders	Total Holdings	%
Less than 100	51	1,690	#
100 to 1,000	1,539	1,355,808	0.26
1,001 to 10,000	4,427	22,711,738	4.30
10,001 to 100,000	1,945	64,925,070	12.30
100,001 to less than 26,392,517*	359	289,762,541	54.89
26,392,517* and above	3	149,093,494	28.25
	8,324	527,850,341	100.00

Negligible

* 5% of the Issued Share Capital

SUBSTANTIAL SHAREHOLDERS AS AT 29 SEPTEMBER 2017

Names	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Malton Corporation Sdn Bhd	187,531,489	35.53	-	-
Tan Sri Lim Siew Choon	-	-	187,531,489*	35.53
Puan Sri Tan Kewi Yong	-	-	187,531,489*	35.53

DIRECT AND DEEMED INTEREST OF DIRECTORS IN THE ORDINARY SHARES OF MALTON BERHAD AS AT 29 SEPTEMBER 2017

Names	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Tan Sri Lim Siew Choon	-	-	187,531,489*	35.53
Guido Paul Philip Joseph Ravelli	-	-	-	-
Lim Siew Fai	300,000	0.05	-	-
Puan Sri Tan Kewi Yong	-	-	187,531,489*	35.53
Chua Thian Teck	-	-	-	-
Hong Lay Chuan	-	-	-	-
Hj Ahmad bin Hj Ismail, PJK	-	-	-	-
Tan Peng Sheung	-	-	-	-

* held via Malton Corporation Sdn Bhd

STATEMENT OF SECURITIES HOLDERS

(cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 29 SEPTEMBER 2017

	Names	No of Shares	%
1.	HSBC Nominees (Tempatan) Sdn Bhd (Exempt AN for Credit Suisse)	62,500,000	11.84
2.	RHB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Malton Corporation Sdn Bhd)	49,593,494	9.40
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Malton Corporation Sdn Bhd)	37,000,000	7.01
4.	Maybank Nominees (Tempatan) Sdn Bhd (Kuwait Finance House (Malaysia) Berhad for Malton Corporation Sdn Bhd)	20,000,000	3.79
5.	Prinsip Waras Sdn Bhd	18,600,000	3.52
6.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Amundi))	15,000,000	2.84
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Malton Corporation Sdn Bhd)	14,187,995	2.69
8.	Amsec Nominees (Tempatan) Sdn Bhd (MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund)	12,375,000	2.34
9.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for Affin Hwang Select Asia (Ex Japan) Quantum Fund)	11,430,200	2.17
10.	Malaysia Nominees (Tempatan) Sdn Bhd (Great Eastern Life Assurance (Malaysia) Berhad)	6,685,100	1.27
11.	Cartaban Nominees (Tempatan) Sdn Bhd (RHB Trustees Berhad for Manulife Investment Shariah Progress Fund)	5,319,000	1.01
12.	Amanahraya Trustees Berhad (Public Islamic Emerging Opportunities Fund)	5,171,700	0.98
13.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for Affin Hwang Ailman Growth Fund)	5,000,000	0.95
14.	Su, Caifeng	4,634,700	0.88
15.	LTK (Melaka) Sdn Bhd	4,567,300	0.87
16.	Citigroup Nominee (Asing) Sdn Bhd (CBNY for Dimensional Emerging Markets Value Fund)	4,431,000	0.84

STATEMENT OF SECURITIES HOLDERS

(cont'd)

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THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 29 SEPTEMBER 2017 (Cont'd)

	Names	No of Shares	%
17.	Malton Corporation Sdn Bhd	4,250,000	0.81
18.	CIMB Group Nominees (Tempatan) Sdn Bhd (CIMB Commerce Trustee Berhad – Kenanga Growth Fund)	4,217,020	0.80
19.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc)	4,071,100	0.77
20.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for DFA Emerging Markets Small Cap Series)	3,835,900	0.73
21.	Malaysia Nominees (Tempatan) Sdn Bhd (Great Eastern Life Assurance (Malaysia) Berhad)	3,536,800	0.67
22.	CIMB Group Nominees (Tempatan) Sdn Bhd (Exempt AN for Petroliaam Nasional Berhad (Amundi Malaysia))	3,300,000	0.62
23.	Amanahraya Trustees Berhad (Public Islamic Treasures Growth Fund)	3,031,700	0.57
24.	Ambank (M) Berhad (Pledged securities account for Lim Heng Han)	2,924,800	0.55
25.	Malaysia Nominees (Tempatan) Sdn Bhd (Great Eastern Life Assurance (Malaysia) Berhad)	2,859,300	0.54
26.	CIMB Islamic Nominees (Tempatan) Sdn Bhd (CIMB-Principal Islamic Asset Management Sdn Bhd for Lembaga Tabung Haji)	2,698,800	0.51
27.	Tan Teck Loong	2,601,500	0.49
28.	Citigroup Nominees (Tempatan) Sdn Bhd (Kumpulan Wang Persaraan (Diperbadankan))	2,581,100	0.49
29.	Citigroup Nominees (Tempatan) Sdn Bhd (Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund)	2,534,200	0.48
30.	Yeoh Phek Leng	2,511,000	0.47
	TOTAL	321,448,709	60.90

STATEMENT OF SECURITIES HOLDERS

(cont'd)

WARRANTS AS AT 29 SEPTEMBER 2017

No of Warrants	:	139,300,769
Issue Date	:	1 July 2011
Expiry Date	:	30 June 2018
Exercise Price	:	RM1.00
Exercise Rights	:	Each warrant entitles the holder(s) to subscribe for one (1) Ordinary Share in the Company on or before the Expiry Date

ANALYSIS BY SIZE OF WARRANTHOLDINGS AS AT 29 SEPTEMBER 2017

Size of Warrantholdings	No of Holders	Total Holdings	%
Less than 100	6	249	#
100 to 1,000	366	231,520	0.17
1,001 to 10,000	1,008	5,948,594	4.27
10,001 to 100,000	991	35,873,800	25.75
100,001 to less than 6,965,038*	131	44,420,835	31.89
6,965,038* and above	1	52,825,771	37.92
	2,503	139,300,769	100.00

Negligible

* 5% of Warrants in Issue

DIRECT AND DEEMED INTEREST OF DIRECTORS IN THE WARRANTS OF MALTON BERHAD AS AT 29 SEPTEMBER 2017

Names	Direct Interest		Deemed Interest	
	No of Warrants	%	No of Warrants	%
Tan Sri Lim Siew Choon	-	-	52,825,771*	37.92
Guido Paul Philip Joseph Ravelli	-	-	-	-
Lim Siew Fai	-	-	-	-
Puan Sri Tan Kewi Yong	-	-	52,825,771*	37.92
Chua Thian Teck	-	-	-	-
Hong Lay Chuan	-	-	-	-
Hj Ahmad bin Hj Ismail, PJK	-	-	-	-
Tan Peng Sheung	-	-	-	-

* held via Malton Corporation Sdn Bhd

STATEMENT OF SECURITIES HOLDERS

(cont'd)

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THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF WARRANTS AS AT 29 SEPTEMBER 2017

	Names	No of Warrants	%
1.	Malton Corporation Sdn Bhd	52,825,771	37.92
2.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt AN for UOB Kay Hian Pte Ltd)	5,750,000	4.13
3.	JB-City Alloy Industries Sdn Bhd	4,000,000	2.87
4.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Yeoh Kok Keat)	1,970,000	1.41
5.	Blessplus Sdn Bhd	1,000,000	0.72
6.	Neo Yiap Seng	902,000	0.65
7.	RHB Nominees (Asing) Sdn Bhd (Pledged securities account for Ong Gee Tiong)	900,000	0.64
8.	Choong Thiam Fatt	870,000	0.62
9.	Tan Fong Ang	789,000	0.56
10.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Chai Beng)	739,300	0.53
11.	Wong Lai Chang	677,000	0.49
12.	Martine Tieu	508,000	0.37
13.	Fong Laph Ming	500,000	0.36
14.	CIMB Group Nominees (Tempatan) Sdn Bhd (Exempt AN for DBS Bank Ltd)	500,000	0.36
15.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ong Siew Tiong @ Ong Tsu Yee)	487,500	0.35
16.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Koh Lay Koon)	430,900	0.31
17.	Tee Kai Shiang	405,000	0.29

STATEMENT OF SECURITIES HOLDERS

(cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF WARRANTS AS AT 29 SEPTEMBER 2017 (Cont'd)

	Names	No of Warrants	%
18.	Tan Theng Por	400,000	0.29
19.	Wong Kok Mun	400,000	0.29
20.	Cimsec Nominees (Tempatan) Sdn Bhd (Pledged securities account for Foo Loke Fu)	400,000	0.29
21.	Public Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tey Heong Tiong)	400,000	0.29
22.	Gan Kenlee	376,800	0.27
23.	JF Apex Nominees (Tempatan) Sdn Bhd (Pledged securities account for Siow Yuen Cheang)	375,800	0.27
24.	Maybank Nominees (Tempatan) Sdn Bhd (Ng Choon Fatt)	358,000	0.26
25.	Maybank Nominees (Tempatan) Sdn Bhd (Huzaifah Bin Basri)	350,000	0.25
26.	Molly Poh	330,000	0.24
27.	Koay Wei Loong	323,700	0.23
28.	Chin Kon Biau	320,000	0.23
29.	Cimsec Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tan Eng)	314,400	0.22
30.	Koe Swee Hoon	314,100	0.22
	TOTAL	77,917,271	55.93

NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of MALTON BERHAD ("Company") will be held at Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 22 November 2017 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 2017 together with the Directors' Report and Report of the Auditors thereon | |
| 2. | To approve first and final single-tier dividend of 2.5 sen for every ordinary share in respect of the year ended 30 June 2017 | Ordinary Resolution 1 |
| 3. | To approve the payment of directors' fees, allowances and benefits amounting to RM321,000 for the year ended 30 June 2017 | Ordinary Resolution 2 |
| 4. | To approve directors' fees, allowances and benefits payable to the non-executive directors for the financial year ending 30 June 2018 | Ordinary Resolution 3 |
| 5. | To re-elect Mr Hong Lay Chuan who retires by rotation pursuant to Article 100 of the Company's Articles of Association and being eligible, offered himself for re-election | Ordinary Resolution 4 |
| 6. | To re-elect Mr Tan Peng Sheung who retires by rotation pursuant to Article 100 of the Company's Articles of Association and being eligible, offered himself for re-election | Ordinary Resolution 5 |
| 7. | To re-elect Hj Ahmad bin Hj Ismail, PJK who was re-appointed a Director at the 21st Annual General Meeting of the Company held on 23 November 2016 to hold office until the 22nd Annual General Meeting and being eligible, offered himself for re-appointment as a Director | Ordinary Resolution 6 |
| 8. | 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 Annual General Meeting of the Company and to authorise the Directors to fix their remuneration | Ordinary Resolution 7 |

SPECIAL BUSINESS

- | | | |
|----|---|-----------------------|
| 9. | Authority to allot and issue shares | Ordinary Resolution 8 |
| | <p>"THAT pursuant to Section 75 and 76 of the Companies Act, 2016, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 issued shares 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 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 Annual General Meeting of the Company."</p> | |

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

10. Proposed Renewal of Authority for Share Buy Back

Ordinary
Resolution 9

"THAT, subject to the Companies Act, 2016 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, 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 issued 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 Shares so purchased as Treasury Shares and cancel the remainder;
or
- (iv) to resell the Treasury Shares on Bursa Malaysia Securities Berhad ("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 and from the date of the passing of this resolution until:

- (i) the conclusion of the next annual general meeting ("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 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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11. 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 10

"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 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 2017 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 continue to be in force until:
 - (i) the conclusion of the next annual general meeting ("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 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

- (d) 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)

12. 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 11

"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 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 2017 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 continue to be in force until:
 - (i) the conclusion of the next annual general meeting ("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 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
- (d) 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."

BY ORDER OF THE BOARD

HOR SHIOW JEI
Company Secretary

Kuala Lumpur
Dated: 31 October 2017

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

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Notes:

1. 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.
2. 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.
3. 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.
4. Only members registered in the Record of Depositors as at 15 November 2017 shall be eligible to attend the Twenty-Second Annual General Meeting of the Company or appoint a proxy to attend and vote on his behalf.

NOTICE OF DIVIDEND PAYMENT AND BOOK CLOSURE

NOTICE IS HEREBY GIVEN THAT first and final single-tier dividend of 2.5 sen for every ordinary share in respect of the year ended 30 June 2017 if approved by the shareholders of the Company at the Twenty-Second Annual General Meeting of the Company to be held on Wednesday, 22 November 2017, will be paid on Friday, 29 December 2017 to the shareholders of the Company whose names appear in the Record of Depositors at the close of business on Friday, 1 December 2017.

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 1 December 2017 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

HOR SHIOW JEI
Company Secretary

Kuala Lumpur
Dated: 31 October 2017

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS AND/OR SPECIAL BUSINESS

ORDINARY RESOLUTION 3

The proposed Ordinary Resolution 3, if passed, will facilitate the payment of directors' fees, allowances and benefits payable to the non-executive directors of the Company for the financial year ending 30 June 2018 as set out below.

Non-Executive	RM
Directors' fees per month	32,000
Meeting allowance per meeting for each director	1,000
Benefits	Claimable expenses incurred in carrying out their duties as directors

ORDINARY RESOLUTION 8

Ordinary Resolution 8 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-First Annual General Meeting of the Company held on 23 November 2016 which will expire at the conclusion of the Twenty-Second Annual General Meeting of the Company to be held on 22 November 2017.

As at 23 October 2017, the mandate obtained from the shareholders at the Twenty-First Annual General Meeting of the Company has not been utilised, thus no proceeds were raised from this mandate.

ORDINARY RESOLUTION 9

The proposed Ordinary Resolution 9, 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 issued 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 Annual General Meeting of the Company, or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earliest.

ORDINARY RESOLUTIONS 10 AND 11

The proposed Ordinary Resolutions 10 and 11, 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 2017 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 Annual General Meeting of the Company, or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earliest.

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/Company No _____ of _____
(address)

or failing him/her, _____
(full name in BLOCK)
NRIC No/Company No _____ of _____
(address)

_____ (address)
or failing him/her, the Chairman of the Meeting as my/our proxy for me/us on my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 22 November 2017 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 2.5 sen for every ordinary share in respect of the year ended 30 June 2017		
Ordinary Resolution 2	To approve the payment of directors' fees, allowances and benefits amounting to RM321,000 for the year ended 30 June 2017		
Ordinary Resolution 3	To approve directors' fees, allowances and benefits payable to the non-executive directors for the financial year ending 30 June 2018		
Ordinary Resolution 4	To re-elect Mr Hong Lay Chuan who retires by rotation pursuant to Article 100 of the Company's Articles of Association and being eligible, offered himself for re-election		
Ordinary Resolution 5	To re-elect Mr Tan Peng Sheung who retires by rotation pursuant to Article 100 of the Company's Articles of Association and being eligible, offered himself for re-election		
Ordinary Resolution 6	To re-elect Hj Ahmad bin Hj Ismail, PJK who was re-appointed a Director at the 21st Annual General Meeting of the Company held on 23 November 2016 to hold office until the 22nd Annual General Meeting and being eligible, offered himself for re-appointment as a Director		
Ordinary Resolution 7	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 Annual General Meeting of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 8	Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 9	Proposed Renewal of Authority for Share Buy Back		
Ordinary Resolution 10	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 11	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		

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.

Signature(s) /Common Seal of member (s)

Date:

Notes:

- 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 2017 shall be eligible to attend the Twenty-Second Annual General Meeting of the Company or appoint a proxy to attend and vote on his behalf.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No of shares	%
Proxy 1		
Proxy 2		

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



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