MALTON
BERHAD
(320888-T)

ANNUAL REPORT 2018

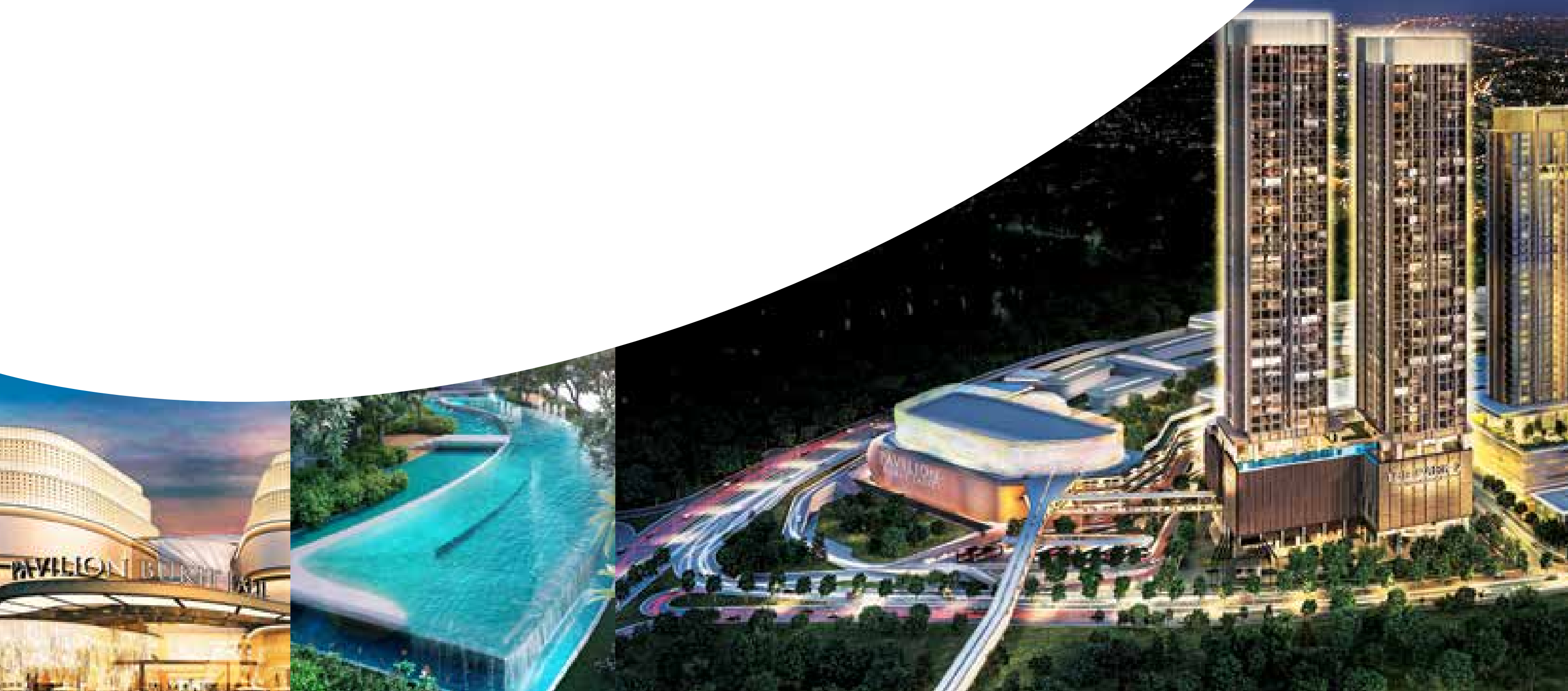
MALTON

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 craftmanship, good master planning and service experience.
- To be responsive to market trends and lifestyle aspirations for the future.
- To deliver sustainable returns to shareholders.



MALTON BERHAD
(320888-T)

Annual Report 2018

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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

Dato' Siew Mun Wai
Independent Non-Executive Director

AUDIT COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

Dato' Siew Mun Wai
Member

NOMINATING COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

REMUNERATION COMMITTEE

Guido Paul Philip Joseph Ravelli
Chairman

Hj Ahmad bin Hj Ismail, PJK
Member

Chua Thian Teck
Member

COMPANY SECRETARY

Hor Shiow Jei
MAICSA 7023954

REGISTERED OFFICE

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

SHARE REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

COMPANY WEBSITE

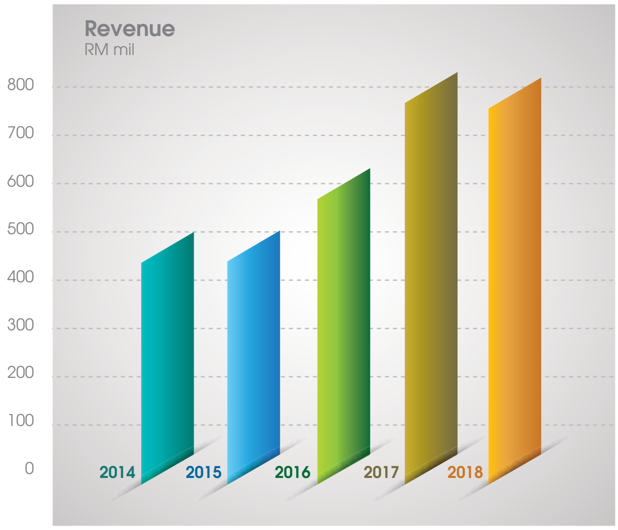
www.malton.com.my

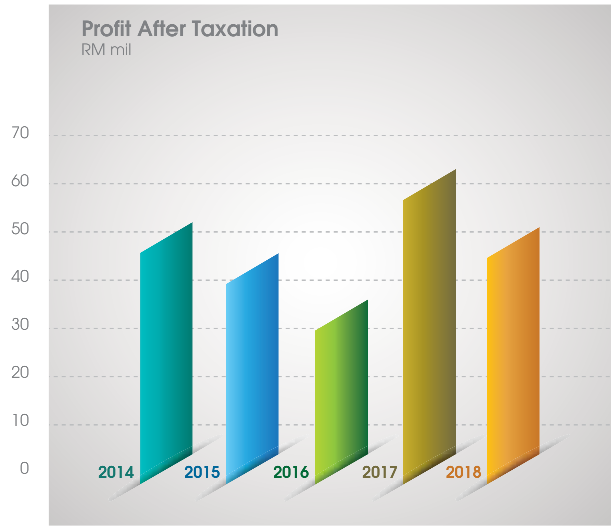
CORPORATE STRUCTURE

MALTON BERHAD

and subsidiaries

GROUP FINANCIAL HIGHLIGHTS





Year Ended 30 June	2018	2017	2016	2015	2014
Revenue (RM'000)	818,773	830,739	632,216	503,444	500,300
Profit Before Taxation (RM'000)	80,791	114,665	71,201	75,700	79,853
Profit After Taxation (RM'000)	51,088	63,181	36,315	45,847	52,043
Total Comprehensive Income Attributable to Owners of the Company (RM'000)	51,916	63,286	37,272	45,906	51,884
Share Capital (RM'000)	528,552	528,176	448,416	448,416	422,550
Equity Attributable to Equity Holders of the Company (RM'000)	909,149	870,142	738,497	714,677	659,326
Total Assets (RM'000)	2,618,220	2,596,316	2,101,400	1,575,576	1,298,096
Basic Earnings Per Share (Sen)	9.83	13.59	8.12	10.47	12.42
Net Assets Per Share (RM)	1.72	1.65	1.65	1.59	1.56

BOARD OF DIRECTORS

TAN SRI LIM SIEW CHOON
Malaysian Male/Non-Independent Non-Executive Chairman

Tan Sri Lim Siew Choon, age 58, 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 35 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 2018. 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 Related Party Transactions and Balances in the Financial Statements which appear on pages 110 to 111 of this Annual Report.

He is a major shareholder of Malton Berhad. His interests in the shares of Malton Berhad are set out in the Statement of Shareholders which appear on pages 137 to 139 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 67, 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 Manufacturers, Paris and was later conferred Master of Science in Engineering. He began his career with a major building contractor in Paris and later elected to pursue an international career in the field of construction. He spent 30 years with one of the largest international construction groups, and has more than 40 years of experience in the development, implementation and management of buildings, public works and Build/Operation/Transfer projects in France, Hong Kong SAR, Malaysia, Portugal and South-East Asia. In year 2000, the President of France conferred a national honour on him by making him, a Chevalier de l'Ordre National du Merite, in recognition of his contribution to the profession and to Franco-Asian business relations. Since 2003, he has also been involved in the associated gas and power sector, in various countries.

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

He attended all five board meetings held during the financial year ended 30 June 2018. 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 shares in Malton Berhad.

LIM SIEW FAI

Malaysian Male/Managing Director

Mr Lim Siew Fai, age 51, 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 2018.

He is a sibling of Tan Sri Lim Siew Choon, Non-Independent Non-Executive Chairman and a major shareholder of Malton Berhad. He does not have any conflict of interest with Malton Berhad other than the disclosures made under Related Party Transactions and Balances in the Financial Statements which appear on pages 110 to 111 of this Annual Report. His interest in the shares in Malton Berhad is set out in the Statement of Shareholders which appear on pages 137 to 139 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 62, pursued her tertiary education in the United Kingdom majoring in Business and Marketing Studies. She was instrumental in setting up various successful business ventures since her initial foray into trading and distribution businesses. Having acquired knowledge in diverse range of business and industry sectors she possesses experience ranging from retail, marketing, finance and strategic management. She continues to extend her scope of experience, having been involved actively in the property development and real estate investment sectors.

She was appointed an Executive Director of Malton Berhad on 19 February 2002. She attended all five board meetings held during the financial year ended 30 June 2018. She is an Executive Director of Pavilion REIT Management Sdn Bhd, the Manager of Pavilion Real Estate Investment Trust, also listed on the Main Market of Bursa Malaysia Securities Berhad.

Her spouse, Tan Sri Lim Siew Choon is the Non-Independent Non-Executive Chairman and a major shareholder of Malton Berhad. She does not have any conflict of interest with Malton Berhad other than the disclosures made under Related Party Transactions and Balances in the Financial Statements which appear on pages 110 to 111 of this Annual Report. She does not hold any shares in Malton Berhad other than the disclosures made in the Statement of Shareholders which appear on pages 137 to 139 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 59, is a Fellow Member of the Association of Chartered Certified Accountants. He has more than 30 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 2018. He has no family relationship with any of the Directors and/or major shareholders of Malton Berhad. He does not have any conflict of interest with Malton Berhad other than the disclosures made under Recurrent Related Party Transactions which appear on page 33 and Related Party Transactions and Balances in the Financial Statements which appear on pages 110 to 111 of this Annual Report. He does not hold any shares in Malton Berhad. He has no conviction for offences within the past 5 years.

BOARD OF DIRECTORS
(cont'd)

HONG LAY CHUAN
Malaysian Male/Executive Director

Mr Hong Lay Chuan, age 60, holds a Bachelor of Science degree in Housing, Building & Planning. His 36 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 2018. 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 does not hold any shares in Malton Berhad. He has no conviction for offences within the past 5 years.

HJ AHMAD BIN HJ ISMAIL, PJK
Malaysian Male/Independent Non-Executive Director

Hj Ahmad bin Hj Ismail, PJK, age 76, graduated with an Honours Degree in Malay Studies from Universiti Malaya in 1974. Upon graduation, he served as a lecturer of Malay Studies at Universiti Putra Malaysia until his retirement in 1997. During his tenure at the university, he played a prominent role in the development of the Malay Language.

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

He attended all five board meetings held during the financial year ended 30 June 2018. 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 does not hold any shares in Malton Berhad. He has no convictions for offences within the past 5 years.

DATO' SIEW MUN WAI
Malaysian Male/Independent Non-Executive Director

Dato' Siew Mun Wai, age 61, is a Fellow Member of the Institute of Chartered Accountants in England & Wales (ICAEW), a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a member of the Malaysian Institute of Corporate Governance (MICG).

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

He was an Independent Director and chaired the Audit Committee of an ASX-listed junior mining company from 2011 to 2014. He was Vice-Chairman of the Taipei English School and Board member of the Taipei European Schools while living in Taiwan and remains committed to the academia today as a pro-bono guest speaker at Universiti Malaya's Business School MBA Program and its Faculty of Business & Accountancy, UNITAR's Faculty of Business & Finance and MICG. He is also an Associate Faculty Member of the Othman Yeop Abdullah Graduate School of Business at Universiti Utara Malaysia.

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

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Financial Statements of Malton Berhad ("Malton") and its subsidiaries ("Group") for the financial year ended 30 June 2018 ("FY2018"). Details of the Group's business and performance are further presented under the Management Discussion & Analysis Report.

FINANCIAL OVERVIEW

In FY2018, the property sector remained challenging given the imbalance in demand and supply as well as the tightened lending requirement despite the rising economic confidence.

Given the cyclical nature of property landscape, the Group's revenue for the FY2018 declined marginally by 1.4% to RM818.8 million as compared to RM830.7 million in the previous financial year due to lower property turnover. The Group's profit before tax for FY2018 declined by 29.6% to RM80.8 million from RM114.7 million in the previous financial year as a result of lower contribution from the Property division and lower margins recorded by the Property and Construction divisions. The Property division remained the key driver of our operations and accounted for 52.7% of the Group's total revenue, while revenue from Construction division accounted for 47.0%. Further details of the Group's financial performance are contained in the Management Discussion and Analysis section within this Annual Report.

DIVIDENDS

The Group endeavours to maintain consistent and sustainable dividends to its shareholders. Amidst a challenging operating year, the Board of Directors has proposed a first and final single-tier dividend of 2.0 sen per ordinary share for FY2018. This is subject to shareholders' approval in the upcoming Annual General Meeting.

ECONOMIC OVERVIEW

Global growth is projected to remain steady at 3.7% in 2018 (2017: 3.8%), down from 3.9% projected earlier. The escalation in the ongoing trade war between China and the United States have an impact on business sentiment, deterring global investment and affecting supply chains. Although global economic growth will remain resilient this year mainly due to healthy first half of 2018 performance, the rising trade protectionism between the two countries represent the main downside risk to the global economic outlook in the second half of 2018 and next year. *(Source: IMF's World Economic Outlook 2018)*

Closer to home, the Malaysian economy will remain resilient in 2018 as Bank Negara Malaysia ("BNM"), expects the gross development product ("GDP") to grow moderately by 5.0% led by domestic demand (2017: 5.9%). Growth will be supported by strong consumer spending due to the tax holiday from June to August 2018 coupled with expansion in manufacturing production capacity.

BNM had also revised downwards the GDP from 5.5%-6.0% projected early this year after taking into account the ongoing China-US trade tension and the potential 50 basis point reduction in global growth by 2020 as a result of the trade war as forecast by International Monetary Fund. A prolonged disruption of oil and gas production due to supply outages in Sabah and Sarawak and weak crude palm oil production are the main factors that have been constraining the first half of 2018 growth. Despite the lower revised GDP growth forecast of 5.0%, steady growth remains firm supported by sound macroeconomic fundamentals. The economy is well-diversified in terms of sources of growth as well as export products and markets. Labour market conditions remain favourable, underpinned by wage and employment growth, the current account continues to register a surplus and Malaysia's deep financial markets with strong financial buffers will ensure orderly market conditions in the face of financial market headwinds. *(Source: BNM Bulletin-Second Quarter 2018).*

This year, the smooth transition of power in the ruling government following the 14th General Election reinforced people's faith in our maturing country, awakening sense of optimism towards future growth. The new government has also moved quickly with early measures to remove 6% Goods and Service Tax ("GST") and the announcement of the impending National Policy 2.0 have contributed to positive consumer sentiments. The reintroduction of the 10% Sales and Service Tax ("SST") to replace GST effective 1 September 2018 with the construction services and building materials being exempted from the SST, is part

CHAIRMAN'S STATEMENT
(cont'd)

of the federal government's aspiration to enable more Malaysians to own a home. This move is expected to bring positive changes to the property market as both the developers and the homebuyers will benefit from the reduction of tax burden.

CHALLENGES AND PROSPECTS FOR FY2019

While the market may experience positive sentiment following the removal of GST and SST exemption on the construction services and building materials, one has to take a holistic view as there are various factors affecting the property market. Although the overall property market is expected to remain challenging for the year ending 30 June 2019 ("FY2019") due to market volatility weighed on consumer sentiments and global uncertainty, we believe there are pockets of demand for reasonably priced development with good concept and quality in good and well-connected locations. Considering the lukewarm mainstream property market, we are ready to expand and offer different product mix to the market. While we continue to focus mainly in the Central Region, we also see great potential in the development of industrial property in the Southern Region. Barring any unforeseen circumstances, the Group remains well on track to meet market demand and plans to launch Mutiara Hilltop in Puchong, Villa 22 in Bukit Rimau, and two new phases of Rapid City Centre comprising commercial shop offices and industrial lots in Sungai Rengit, Johor, with a combined gross development value ("GDV") of approximately RM560 million.

Even in the midst of intensifying competitiveness, demand and supply gaps and the tightening fiscal policies, our efforts are focused on continuously rebalancing the Group's income by improving operational efficiencies and expanding into new growth areas. The ever-changing customer expectations towards timely delivery and quality products challenge us to continuously change our market approaches. Malton was awarded the coveted MS ISO 9001:2015 Quality Management System in November 2017, a testament of our uncompromising stand on quality products, systems and solutions mainly to improve customer experience. Quality excellence has emerged as a core focus of our business operations and a tool to achieve total customer satisfaction.

We will also focus on strengthening marketing initiatives and branding across all platforms to cater to wider customer groups via social media and digital channels. In addition, we will also embark on sustainable development measures in terms of minimising construction time through utilisation of the Industrial Building System, enhancing our procurement strategy, implementing strategic sourcing and value engineering through improved design and planning. These in turn will help achieve new efficiencies and cost reduction in the long-run.

Artist Impression of Duta Park, Jalan Kuching

CHAIRMAN'S STATEMENT
(cont'd)

The healthy unbilled sales of RM1.0 billion as at 30 June 2018 anchored by seven ongoing projects will provide good future earnings visibility for the Group. With an estimated potential GDV of RM8.2 billion from the remaining prime landbank in Klang Valley and Johor, the Group is well-positioned to deliver sustainable earnings for the next 10 years. In the meantime, the Group will continue to search for strategic land bank to replenish the existing acreage, especially in the Central and Southern Regions of Malaysia.

Along with the newly secured contracts worth RM1.1 billion and RM640.0 million of outstanding order book from ongoing construction projects such as Pavilion Damansara Heights, The Pavilion Hotel and Pavilion Embassy in FY2018, the Group is set on a steady growth path. Barring any unforeseen circumstances, we envisage the Group to achieve satisfactory results in the ensuing financial year.

ACKNOWLEDGEMENT

On behalf of the Board, I would like express our heartfelt gratitude to the late Mr. Tan Peng Sheung for his service and contribution to our Group and further welcome Dato' Siew Mun Wai who was appointed as an independent and non-executive director of the Board on 1 August 2018. I also wish 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 2018

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Listed on the Main Board of Bursa Malaysia in 2002, Malton Berhad ("Malton") and its subsidiaries ("Group") are principally involved in Property Development, Construction and Project Management. The Group's root can be traced back to 1980 and since its inception, the Group has continuously placed great emphasis on innovative master planning and concept underpinned by good locations and well crafted environment in creating not just harmonious living, but to deliver high value creation to its buyers across Greater Klang Valley, Penang and Johor.

The Group's vast portfolios include townships, luxury homes, integrated developments, offices and commercial properties in prime areas of the cities. Amaya Saujana, Nova Saujana and The Cantonment are among the many projects that consistently deliver high value creation to homebuyers while ongoing iconic integrated development Pavilion Bukit Jalil City in Bukit Jalil, has enticed property buyers from all over. With proven competencies in property development, construction and project management, Malton will continue to shape and meet lifestyle aspirations of every generation with uncompromising commitment to design excellence, build quality and timely delivery.

On the economic front, the Malaysian economy recorded stronger-than-expected growth of 5.9% in 2017 (2016: 4.2%), supported by robust expansion in both private and public sector spending. For the first half of 2018, Malaysia recorded a slower gross development product ("GDP") growth of 4.9% (2017: 5.7%). In the second quarter of 2018, the Malaysian economy expanded at a slower pace of 4.5% (1Q 2018: 5.4%). On a quarter-on-quarter seasonally adjusted, the GDP grew 0.3%. The declines in Agriculture and Mining & quarrying sectors have weighed down the overall performance of GDP. Nevertheless, the Services sector has supported the economic growth, while Manufacturing and Construction sectors continued to register favourable growth during the quarter. On the expenditure side, the momentum was spearheaded by the expansion in Private final consumption expenditure and Gross fixed capital formation. *(Source: Department of Statistics Malaysia 2018)*

Against this backdrop, the property market continued to be challenging in the financial year ended 30 June 2018 ("FY2018") as the global economic uncertainties and financial market volatility weighed on consumer sentiments. The ongoing trade disputes between the world's biggest economies continue to raise concerns, with potential impact on global economic growth. On the back of this, the uncertainties on several fronts, stringent bank lending policies, affordability issues and increasing living costs impacted overall consumer sentiments.

According to the Malaysian Property Market Report 2017, the volume of property transactions dropped by 2.7% in 2017 to 311,824 transactions from 320,425 transactions in the previous year whilst the total value of transactions declined by 3.8% in 2017 to RM139.8 billion from RM145.4 billion. While there were more new property launches in Malaysia with 77,570 units in 2017 as compared to 52,713 units in 2016 and slightly better sales performance of 32.6% as compared to 31.4% in 2016, it is the affordable houses segment that is currently in demand. Meanwhile, the nation's property market recorded more than 149,800 transactions worth RM67.74 billion in the first half of 2018, down 2.4% compared with the same period last year based on the Property Market Report for first half of 2018. The residential sub-sector continued to propel the market, with a lion's share of 62.8%, and constituted 46.7% of the transaction value. Nevertheless, this sub-sector recorded a slight decline in volume and value, at 0.8% and 3.6% respectively.

Within the construction sector, apart from the hype gathering around the mega infrastructure jobs announced, the industry was exposed to various issues such as legalisation of foreign workers, the imposition of foreign workers' levies on employers, and the fluctuation of steel bar prices. The construction industry registered a moderate growth of 6.7% in 2017 (2016: 7.4%), supported mainly by the civil engineering sub-sector contributed by the transportation, petrochemical and power plant projects while the residential and non-residential subsectors reflected a soft market sentiment.

FY2018 was indeed challenging in light of the cautious consumer sentiments, further dampened by the wait-and-see attitude adopted by buyers in anticipation of lower selling prices. Nonetheless, the Group remained resilient and focused on enhancing its operations and business strategies. In cognisant of the cyclical nature of the property landscape, the Group had taken a more pragmatic approach in rolling out new launches to match market sentiments. Despite the restrained market conditions, the Property division recorded RM626.9 million sales in FY2018, higher than RM605.0 million achieved in the previous financial year. Projects launched during the year included The Park 2, Duta Park Residences, Mutiara Square, BAC Tower and Pangsapuri Kenangan. Meanwhile, the Group's total unbilled sales stood at a healthy RM1.0 billion for FY2018, anchored by its seven ongoing projects mainly The Park 2 in Bukit Jalil, Duta Park Residences and Rapid City Centre, placing it in a comfortable position to deliver sustainable earnings performance in the next 3 years.

During the financial year, the Property division has continuously monitored and strategised its property launches in order to achieve the best match of its products to meet customers' needs and affordability levels in different locations whilst balancing profit and prudent risk management to create higher value for its stakeholders. The division had also ramped up sales and marketing initiatives by rolling out innovative marketing strategies for all its projects. Given its strategic location and direct access to the Pavilion Bukit Jalil Mall, the final residential towers of The Park 2 continued to receive overwhelming response amid the soft property market environment. This proves that there is still a high demand for high-rise residential in niche locations and projects that offer strong concept, branding and on time delivery.

Beyond meeting the aspirations of buyers who desire quality living and refined lifestyle home, the Group also launched affordable apartments, Pangsapuri Kenangan under the Rumah SelangorKu initiative. This affordable housing is located in the matured township of Bukit Rimau, a successful 358-acre township developed by the Group, with ready facilities that cater to various family-oriented needs. We take into consideration every detail in the planning of all our developments from strategic locations, connectivity, accessibility, facilities, amenities, security to economic opportunities.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (cont'd)

On the Construction division, besides undertaking the Group's internal construction activities, it has also secured approximately RM1.1 billion worth of contracts with RM640.0 million of outstanding order book. Newly secured contracts during the financial year included Pavilion Ceylon Hill and Villa Height in addition to the main ongoing construction projects notably Pavilion Damansara Heights, The Pavilion Hotel and Pavilion Embassy.

The Group has also made significant strides in the last twelve months as Malton achieved the new MS ISO 9001:2015 Quality Management System ("QMS") accreditation in November 2017, a testament of our uncompromising adherence to quality standards and strong pursuit of continuous improvement culture.

As the market is constantly evolving, the Group remained market-driven while leveraging its expertise in integrated developments and sustainable value creation. We continued to focus on quality, safety, value engineering and sustainable technology namely Industrialised Business Systems to ensure healthy working environment, lower cost and timely completion of projects, yet delivering high quality end products to customers.

FINANCIAL REVIEW

The Group posted revenue of RM818.8 million and profit before tax ("PBT") of RM80.8 million for FY2018. The Group's revenue in FY2018 was 1.4% lower from RM830.7 million recorded in the preceding year mainly due to lower contribution from the Property division. Revenue from the Property division decreased by 30.4% to RM431.4 million compared to the preceding year following the completion of Bukit Jalil City Signature Shops Offices and SK One Residensi. The decline in revenue was buffered by higher revenue recorded by the Construction division which increased by 83.7% to RM384.7 million compared to RM209.4 million in the preceding year due to commencement of new projects such as Pavilion Ceylon Hill, Pavilion Embassy and Taman YIK Perdana in the current financial year. The Property division remained the key driver of our operations and accounted for 52.7% of the Group's total revenue, while revenue from Construction division accounted for 47.0%.

Despite a minimal decrease in the Group's revenue of 1.4%, the Property division's gross profit declined by 45.6% to RM83.6 million, mainly due to higher material and labour costs combined with higher proportion of residential units recognised resulting in lower margin for FY2018. Meanwhile gross profit from the Construction division decreased by 9.6% to RM62.7 million as a result of higher material, labour and direct operating costs in FY2018 coupled with greater effects of cost savings and value engineering undertaken by the division in previous financial year. As a result of the lower gross profit contribution from both the Property and Construction divisions, the Group's PBT decreased by 29.6% to RM80.8 million from RM114.7 million recorded in the preceding year. PBT for the current year includes a one-off recognition of Group's gain of RM30.0 million following the completion of the Revocation and Rescission Agreement ("RRA") on 14 September 2017. The RRA was entered into to revoke and rescind the Joint Development Agreement previously entered into between Silver Setup Sdn Bhd, a wholly-owned subsidiary of Malton, Batu Kawan Development Sdn Bhd and Eco Horizon Sdn Bhd for a joint development of 300 acres land in Batu Kawan, Pulau Pinang.

The Group's total assets remained healthy and grew by 0.8% to RM2.6 billion as at 30 June 2018 attributable to profits generated during the current financial year. Consequently, the Group's net assets per share improved to RM1.72 as at 30 June 2018 from RM1.65 a year ago.

During the financial year under review, the Group's gearing ratio decreased to 0.5 times from 0.6 times in the preceding year mainly due to lower bank borrowings resulting from repayment and bridging loans redemption. Shareholders' equity continued to grow strongly by 4.5% to RM909.1 million from RM870.1 million on higher retained profits.

QUALITY ASSURANCE

Malton obtained the MS ISO 9001:2015 QMS from SIRIM on 17 November 2017, marking another significant milestone for the Group. The QMS certification demonstrates our uncompromising adherence to quality standards and continuous improvement in delivering high quality products to our customers, strengthening our quality commitment and upholding the workmanship standards in every construction process while advocating the strong quality culture amongst our people and associates. With the new ISO 9001:2015, Malton is set to focus on every core aspect of property development including Customer Focus, Leadership, Engagement of People, Process-Based Approach, Evidence-Based Decision Making, Improvement Capability and Relationship Management with various stakeholders.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

Quality is a shared commitment. Hence, leadership involvement is paramount and leaders in Malton are expected to consistently communicate with employees, nurture and strengthen a corporate culture which promotes the high-quality standard of performance. The leadership team also needs to ensure that every business unit within the organisation understands and accepts the changes brought about by the new standard to ensure a unified commitment to quality.

SIRIM QAS INTERNATIONAL

CERTIFICATE

SIRIM QAS International hereby certifies that

MALTON BERHAD
LEVEL 19, PAVILION TOWER
75, JALAN RAJA CHULAN
50200 KUALA LUMPUR
WILAYAH PERSEKUTUAN
MALAYSIA

has implemented a Quality Management System complying with

ISO 9001:2015

QUALITY MANAGEMENT SYSTEMS - Requirements

Scope of Certification

PROVISION OF PROPERTY DEVELOPMENT SERVICES FOR RESIDENTIAL, COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL PROPERTIES.

Issue date	:	17 November 2017
Validity date	:	16 November 2020
Certification No.	:	QMS 03171

Mohd Azanuddin Salleh
Managing Director
SIRIM QAS International Sdn. Bhd.

Sustaining our passion towards "Built-in-Quality" is a never-ending quest and this can only be achieved through proactive engagement with customers and our business associates including contractors and consultants besides employees. Malton will continue to cultivate paradigm shift in quality improvement and culture by encouraging its employees to actively communicate and take customers' constructive feedback seriously through Customer Satisfaction Survey.

We understand product quality has far reaching impact on Malton's reputation, as well as its market positioning. Management's steadfast commitment to deliver quality products is further reinforced through our newly set mission to achieve 80% Qlassic score for high-end development projects under the Group. Towards this end, achieving quality excellence has emerged as a core focus of our business operations and a tool to achieve total customer satisfaction.

Technical seminar conducted on routine schedule to improve competencies of Malton's team and its associates

Nurturing strong 'Quality' culture through continual learning & open discussion

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

PROPERTY DEVELOPMENT

With an estimated potential GDV of RM8.2 billion from the remaining prime landbank in Klang Valley and Johor, the Group is well-positioned to deliver sustainable earnings for the next 10 years. Meanwhile, the Group will continue to search for strategic land bank to replenish the existing acreage, especially in the Central and Southern Regions of Malaysia. Sales and the healthy unbilled 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 RM4.0 billion comprising three main phases namely, Pavilion Bukit Jalil Mall and Signature Shop Offices (Phase 1), The Park Sky Residence and The Park Signature Shop Offices (Phase 2) and The Park 2 (Phase 3). Apart from offering world-class shopping experience under one roof, the sustainable and well-connected community are assured of a refreshing gateway via special built pedestrian bridges connecting residents to the 80-acre Bukit Jalil public park nearby.

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

The first phase of Signature Shop Offices comprising 112 units were successfully completed and handed over to shop owners in June 2017. Upon its full completion in 2021, the six new sleek residential towers with its tallest 52-storey high accompanied by the striking Pavilion Bukit Jalil Mall will redefine the Bukit Jalil's skyline.

PROPERTY DEVELOPMENT (cont'd)

Pavilion Bukit Jalil Mall

The crown jewel of this development is Pavilion Bukit Jalil Mall, a regional mall with a net lettable area of approximately 1.8 million sq ft, slated for completion in the third quarter of 2020. Designed by KL Pavilion Design Studio, the Pavilion Bukit Jalil Mall sits on a 28-acre freehold land and stretches up to 560 metres along the road thus giving maximum visibility to retailers' brands. The regional mall will house five levels of retail spaces and two levels of basement parking. Pavilion Bukit Jalil Mall is poised to be an entertainment and retailtainment hub in the southern corridor of Klang Valley offering a holistic experience for business, best-in-class shopping, dining, leisure and entertainment to locals and tourists alike.

The Park Sky Residence

Launched in 2015, The Park Sky Residence comprises 1,098 units of luxury serviced apartments and 44 units of The Park Signature Shop Offices with a combined GDV of approximately RM1.2 billion. The Park Sky Residence offers a wide selection of layouts with built-ups ranging from 868 sq to 1565 sq ft which set a new pricing benchmark in Bukit Jalil area. Fronting the 100 ft dual carriage road leading in and out of Bukit Jalil City, The Park Signature Shop Offices beneath the serviced apartments will enjoy high visibility with busy traffic from Kesas highway and Old Klang road. Since its launch in 2015, The Park Sky Residence and Park Signature Shop Offices achieved healthy take up rate of 95% and 61% respectively with cumulative sales of RM1.1 billion in FY2018.

A Topping Out ceremony for The Park Sky Residence was hosted on 26 September 2018 to signify the structural completion of the 4 tower blocks in accordance with the project's schedule. With this, the Group is on track to complete and hand over the first residential phase of Bukit Jalil City to its buyers on time.

Management team hosting a Topping Out ceremony for The Park Sky Residence project

MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

PROPERTY DEVELOPMENT (cont'd)

The Park 2

The Park 2 is the final residential development in Bukit Jalil City which carries an estimated GDV of RM720.0 million. Strategically located between the Pavilion Bukit Jalil Mall and 80-acre Bukit Jalil park, it comprises 709 units of serviced apartments with 385 and 324 units in Tower 1 and Tower 2 respectively. The Park 2 offers a distinct prestigious touch as residents will be able to enjoy a seamless experience with exclusive access to the Pavilion Bukit Jalil Mall via a dedicated and covered link bridge besides a pedestrian bridge connecting them to the adjacent lush public park. Other exclusive amenities offered include two separate lobbies in each tower with 9 and 7 lifts serving 10 and 8 units per floor respectively.

A successful sell out of the Tower 1 had prompted the Group to fast-track the early release of Tower 2 in August 2017. Both towers saw an overall healthy take up rate of over 87% with total sales of RM615.1 million in FY2018.

RAPID CITY CENTRE, JOHOR

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

Launched in March 2015, Phase 1 comprising 60 units of 2-storey shop offices with an estimated GDV of RM66.0 million recorded a healthy take up rate of 90% and sales of RM59.7 million in FY2018. The commercial shop offices were successfully completed and handed over to buyers in March 2018.

PROPERTY DEVELOPMENT (cont'd)

DUTA PARK RESIDENCES

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

Duta Park Residences consists of 3 tower blocks; Tower A, B and C encompassing 536, 572 and 268 units respectively. Every unit is thoughtfully planned with built-ups ranging from 858 sq ft to 1,538 sq ft, featuring 4 flexible layouts from 2+1 bedrooms to dual key units with 3-tier security for residents' peace of mind. Tower B and C were launched in March 2018 and received overall take-up rate of 37% with total sales value of RM221.0 million in FY2018.

MUTIARA SQUARE PUCHONG

Being part of the 82.5-acre development in Mutiara Indah, Mutiara Square is the final commercial phase featuring 20 limited units of 2-storey shop offices with an estimated GDV of RM21.4 million. Situated just next to the vibrant township of Bandar Puteri Puchong, Mutiara Square boutique shop offices are strategically located with easy access to Bukit Jalil Highway, Lebuhraya Damansara – Puchong and Maju Expressway.

The built-up size averaging 3,262 sq ft with wide frontage, double-leaf main glass door and ample car park, positions Mutiara Square boutique shop offices ideal for retail, food & beverages and other services. Launched in July 2017, the commercial shop offices achieved a take up rate of 35% with total sales value of RM9.8 million in FY2018. Slated for completion in 2020, shop owners can tap into a ready catchment of 30,000 residents in their immediate neighbourhood.

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

PROPERTY DEVELOPMENT (cont'd)

PANGSAPURI KENANGAN, BUKIT RIMAU

Pangsapuri Kenangan, an affordable housing project which sits on a 2.1-acre freehold land in Bukit Rimau is part of the Rumah Selangorku initiatives. Located in a matured township with ready infrastructure and host of amenities, the 7-storey apartments comprise 86 units with an estimated GDV of RM15.5 million.

Since its launch in June 2017, Pangsapuri Kenangan achieved a healthy take up rate of 79% with total sales of RM12.3 million in FY2018.

BAC TOWER

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

UPCOMING PROJECTS

VILLA 22

Located in Bukit Rimau, one of Malton's pioneer township development on 358 acres in Shah Alam, Villa 22 is the last piece of residential development. Sitting on a small and last parcel of 3.2-acre freehold land, the development comprising 22 units of semi-dees and bungalows carries an estimated GDV of RM48.0 million. Being the final development in the well-established and connected township of Bukit Rimau, Villa 22 purchasers will enjoy an abundance of amenities and facilities within the township. This residential development is open for sale in October 2018.

RAPID CITY CENTRE (PHASE 2 & PHASE 3)

Located in Sungai Rengit, Johor, Phase 2 and Phase 3 of Rapid City Centre comprise 68 units of 2-storey shop offices and 30 industrial lots, carrying an estimated GDV of RM90.0 million and RM143.0 million respectively. Phase 2 is open for sale starting August 2018 while Phase 3 is slated for launch in early 2019. The industrial lots are part of our diversified product mix offer to the market.

Phase 2 - Shop office

Phase 3 - Industrial lots

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

PROPERTY DEVELOPMENT (cont'd)

MUTIARA HILLTOP

Mutiara Hilltop comprises 496 units of condominiums within the vibrant township of Mutiara Indah, Puchong. The 8.3-acre Mutiara Hilltop enclaves carries an estimated GDV of RM278.0 million which is slated for launch in mid 2019.

RIVER PARK BANGSAR SOUTH

River Park Bangsar South comprising 1,332 units of serviced apartments is ideally located within the new township of Bangsar South. Standing magnificently against the astounding Kuala Lumpur skyline, the 5.1-acre enclave carries an estimated GDV of RM985.0 million and is slated for launch in mid 2019.

CONSTRUCTION AND PROJECT MANAGEMENT DIVISION

Through its construction arm Domain Resources Sdn Bhd ("Domain"), a wholly-owned subsidiary of Malton, the Group provides the necessary building expertise and capabilities to ensure timely completion of projects with greater cost efficiency and quality. Domain has completed renowned and large scale private developments including shopping malls, highway interchange, aircraft engineering complex, residential townships and high-rise developments. Leveraging on its strong and wide technical expertise, the Construction and Project Management division will continue to bid and secure new contracts to enhance its book value. To date, this division has managed and completed projects with contract value worth more than RM4.0 billion.

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

PAVILION DAMANSARA HEIGHTS
(Total Contract Value: RM627 million)

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

Domain has been appointed as the Management Contractor for the sub-structure works worth RM627.0 million for parcel 1. The site clearing and demolition works of the existing buildings have been completed. The overall sub-structure work for parcel 1 is slated for completion in mid 2019.

PAVILION HOTEL KUALA LUMPUR
(Total Contract Value: RM208 million)

The Pavilion Hotel is a 12-storey tower comprising 318 units of hotel rooms on top of the award-winning Pavilion Kuala Lumpur shopping mall.

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

MANAGEMENT DISCUSSION & ANALYSIS
(cont'd)

CONSTRUCTION AND PROJECT MANAGEMENT DIVISION (cont'd)

PAVILION EMBASSY
(Total Contract Value: RM83 million)

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

The substructure works commenced in Aug 2017 and is slated for completion in early 2019.

PAVILION CEYLON HILL
(Total Contract Value: RM 51 million)

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

Domain has been appointed as the contractor for the sub-structure works. Works commenced in March 2017 and is slated for completion by the end of 2018.

TAMAN YIK PERDANA
(Total Contract Value: RM166 million)

Domain has been appointed as 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, was awarded out in June 2017 and is slated for completion in early 2019.

INTRODUCTION

Sustainable development has become more significant in recent times. At Malton Berhad ("Malton") and its subsidiaries ("Group"), we recognise the socio-economic and environmental impact of our business activities.

We actively and continuously improve in integrating our principles on sustainable property development and construction practices in all of our operations. In gearing up towards a stronger and more comprehensive sustainability approach, we have developed an overarching sustainability commitment statement.

ECONOMIC

We believe that sustainability is essential to long term value creation. The main pillar of our sustainability principles is our customers, to whom we want to provide innovative design, good quality products and services. From conceptualisation of products to development and construction planning, we ensure that our products have viable and sustainable features taking into consideration the market demand and regulatory requirements. We endeavour to deliver high quality products to our customers.

We appreciate that in procurement of construction materials and services, quality and competitiveness are paramount. We have good rapport and understanding with our suppliers and continue to nurture a green and competitive supply chain that is mutually beneficial for all parties.

ENVIRONMENTAL

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

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

SOCIAL

Fostering Community Engagement

Beyond building sustainability in our projects, Malton continues to engage with surrounding communities in education, sports, and community health and well-being through charitable donations and employee volunteerism. Education is vital for our economic growth and help eradicate poverty in the long-term. Apart from offering financial aid to needy students, the employees of the Group devoted their time and shared technical aspects of the large scale integrated development at Bukit Jalil City with a group of Civil Engineering students from Trisakti University Jakarta, a study tour organised by the Instituition of Engineer Malaysia.

The Group also continues to lend its yearly support and assistance to various worthy causes organised by The 9th Gold Ribbon Grant-A-Wish Campaign on Universal Children's Day, A Piece of Hope ("APOH"), The Bursa Bull Charge and National Stroke Association of Malaysia amongst others. Through supporting these community-based programmes, we hope to make a positive impact on our society especially the underprivileged lives while pursuing sustainability efforts to create value for our stakeholders.

Study tour for Trisakti University Jakarta's Civil Engineering students at Bukit Jalil City.

Students enjoying the first-hand experience at the construction site.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

Employees' Occupational Health & Safety

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

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

Safety Training at Construction Site

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

This statement which provides an overview of the corporate governance practices of the Group pursuant to the principles set out in the MCCG for the financial year ended 30 June 2018, shall be read in conjunction with the Corporate Governance Report of Malton Berhad which is available on Malton's website at www.malton.com.my

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board responsibilities

The Board is collectively responsible for the management of the business of the Group and delivery of long term success and sustainable results to its shareholders and other stakeholders. The Board is primarily responsible in setting the goals and objectives for the Group. The role of implementation of the business plans and strategies to achieve the goals are delegated to the executive members of the Board and Management.

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

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

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

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

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

Chairman

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

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

Chairman (cont'd)

The position of the Chairman is held by Tan Sri Lim Siew Choon whereas the position of the Managing Director is held by Mr Lim Siew Fai. The division of the roles and responsibilities of the Non-Independent Non-Executive Chairman and Managing Director is clear. The Managing Director, helming the team of Executive Directors and Management, is responsible for the implementation of business plans of the Group to realise the vision and strategic direction for the Group keeping in line with the good governance and ethical practices approved by the Board.

Company Secretary

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

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

Meetings

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

The Board is scheduled to meet at least five (5) times a year, with additional matters addressed by way of circular resolutions and additional meetings convened as and when necessary. The Board met five (5) times during the financial year ended 30 June 2018. The attendance of the Directors and Board meetings held during the said financial year is set out below.

Name	Total Meetings Attended
Tan Sri Lim Siew Choon	5 of 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
The late Tan Peng Sheung	4 of 5

Note
Dato' Siew Mun Wai was appointed after the financial year ended 30 June 2018. So far, he has attended one (1) board meeting held for the financial year ending 30 June 2019.

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

Board Charter and Code of Conduct

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

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

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

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

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

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

Board Composition and Independent Directors

The ratio of independent directors on Board of Malton fulfils the requirements of Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main Market Listing Requirements") which sets out that at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors.

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 on the Board who have shown that they are individuals with integrity and highly capable and competent to carry out their duties and responsibilities.

The Board takes cognizance that the MCCG recommends that the tenure of an independent director should not exceed a cumulative term of 9 years. As set out above, the Group has established annual evaluation to determine and ensure the independency of each independent director and if each of them has contributed positively and effectively as an independent director. In this connection, the Company presently does not limit the terms of an independent director as recommended in the MCCG. The evaluation process will determine if an independent director will remain objective and continue to be fair and impartial in all Board deliberations and decision making. The continued tenure of independent directors also brings stability to the Board and the Group benefits from 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 Constitution of the Company.

Nominating Committee

The Board established the Nominating Committee on 24 October 2002. During the financial year ended 30 June 2018, the Nominating Committee comprised the following independent non-executive directors:-

- Guido Paul Philip Joseph Ravelli (Chairman)
- Hj Ahmad bin Hj Ismail, PJK (Member)
- The late Tan Peng Sheung (Member)

Currently, the Nominating Committee comprises Guido Paul Philip Joseph Ravelli and Hj Ahmad bin Hj Ismail, PJK.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

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

Nominating Committee (cont'd)

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

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

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

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

During the financial year ended 30 June 2018, 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 on self-assessment basis and by the other members of the Board. It was concluded that each independent director has continuously maintained his independency and is competent to continue serving as an independent director of the company.

Board Diversity

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

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

Remuneration Committee

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

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

Remuneration Committee (cont'd)

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

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

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

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

During the financial year ended 30 June 2018, 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 2018 is set out below.

	Salaries	EPF	Fees	Meeting Allowance	Bonus	Benefit-In-Kind	Total
Tan Sri Lim Siew Choon	-	-	240,000	-	-	40,316	280,316
Guido Paul Philip Joseph Ravelli	-	-	48,000	16,000	-	7,200	71,200
Lim Siew Fai	1,200,000	180,000	-	-	300,000	35,200	1,715,200
Puan Sri Tan Kewi Yong	720,000	108,000	-	-	180,000	35,200	1,043,200
Chua Thian Teck	1,010,000	136,800	-	-	210,000	37,701	1,394,501
Hong Lay Chuan	807,740	118,529	-	-	180,000	37,691	1,143,960
Hj Ahmad bin Hj Ismail	-	-	48,000	16,000	-	4,500	68,500
The late Tan Peng Sheung	-	-	44,000	13,000	-	-	57,000
Total	**3,737,740**	**543,329**	**380,000**	**45,000**	**870,000**	**197,808**	**5,773,877**

Personal Development

The Board believes that continuous pursuit of information and learning and the development of new skills is essential to the Directors for them to carry out and fulfil their duties and responsibilities. The Directors continuously review programmes, conferences, seminars and forums based on the suitability of the subject matter. In addition to attending conferences, seminars and training programmes, the Directors regularly keep up to date on matters relating to economy, business, property and construction industries, finance, legal and regulatory updates and other related issues. All of the Directors have attended the Directors' Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. In addition, Dato' Siew Mun Wai, who was appointed after the financial year ended 30 June 2018, will attend the MAP scheduled to be held in November 2018. During the financial year ended 30 June 2018, Directors attended various conferences, seminars and forum including Audit Committee Conference 2018, Recovering Illegally Collected Taxes – Steps and Strategies, South East Asia CFO Vision 2018, Delivering Happiness as Objective of Business, Property Management Time Bomb Seminar 2017: "Have we solved our problems yet?", Income Tax and GST Challenges in Real Estate Perspective and Updates on Acts Related to Real Estate Industry and 20th National Housing & Property Summit 2017.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

MCCG PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

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

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

The Audit Committee comprises members from a wide range and diverse background in qualification, skills and experience necessary to discharge their duties. All of the members are financial literate and familiar with matters concerning property development and construction.

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

Risk Management and Internal Control

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

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

Internal Audit Function

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

The internal audit team carries out its audit duties based on its established internal audit framework that covers business audit, system audit, operational and financial audits and reports its findings to the Audit Committee. The internal auditors also reviews the quarterly results together with the Audit Committee prior to recommendation to the Board for approval and release.

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

Communication with Stakeholders

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

OTHER CORPORATE DISCLOSURES

1. **Material contracts**

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

OTHER CORPORATE DISCLOSURES (cont'd)

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

During the financial year ended 30 June 2018, Malton Group paid a total of RM497,300 to Deloitte PLT and affiliates for audit and non-audit services. The details of the payments are set out below.

	Company RM	Group RM
Audit fees	85,000	438,000
Non-audit fees		
- Review of Statement on Risk Management and Internal Control	5,000	5,000
- Tax Compliance	12,500	51,300
- Housing Development Accounts	-	3,000
Total	**102,500**	**497,300**

3. Recurrent related party transactions

The Group was granted shareholders' mandate to enter into Recurrent Related Party Transactions for the sale of trading stock properties with related parties and construction and project management services contracts with 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 2018.

The recurrent related party transaction for the sale of trading stock properties with a related party conducted during the financial year ended 30 June 2018 pursuant to the above-mentioned mandate is set out below.

Related Parties	Relationship with Malton Group	RM
Dream Domain Sdn Bhd	A company in which Mr Chua Thian Teck is a director and shareholder	3,975,750

4. Malton Employees' Share Option Scheme

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

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

		Number of options			
Date of grant of options	Exercise price per option RM	Granted	Balance as of 1 July 2017	Exercised	Balance as of 30 June 2018
23 February 2017	0.80	16,115,000	5,243,800	(362,500)	4,881,300

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

OTHER CORPORATE DISCLOSURES (cont'd)

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

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

	Number of options			
	Granted	Balance as of 30 June 2017	Exercised	Balance as of 30 June 2018
Tan Sri Lim Siew Choon	300,000	300,000	-	300,000
Guido Paul Philip Joseph Ravelli	150,000	150,000	-	150,000
Lim Siew Fai	600,000	300,000	-	300,000
Puan Sri Tan Kewi Yong	450,000	450,000	-	450,000
Chua Thian Teck	450,000	450,000	-	450,000
Hong Lay Chuan	450,000	450,000	-	450,000
Hj. Ahmad Bin Hj. Ismail	150,000	150,000	-	150,000
Total	**2,550,000**	**2,250,000**	**-**	**2,250,000**

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 2018, the Group has adopted approved applicable accounting standards in Malaysia and complied with the provisions of the Companies Act, 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Malton Berhad ("Board") together with Management, have established a risk management framework which essentially is designed to identify the risks that could hinder the performance of Malton Berhad ("Malton") and its subsidiaries ("Group") and mitigation measures which facilitate the Board's efforts in planning and mitigating the effects of the risks.

The significant risks identified are categorized as follows:-

- Economic and market 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 manage 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 the following independent non-executive directors.

- Guido Paul Philip Joseph Ravelli (Chairman)
- Hj Ahmad bin Hj Ismail, PJK (Member)
- Dato' Siew Mun Wai (Member) (appointed on 1 August 2018)

Mr Guido Paul Philip Joseph Ravelli is the Chairman of the Audit Committee. The late Mr Tan Peng Sheung was a member of the Audit Committee until his demise. He was a Chartered Accountant of the Malaysian Institute of Accountants.

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

The Audit Committee met five (5) times during the financial year ended 30 June 2018. The attendance of the Audit Committee members is set out below.

Name	Total Meetings Attended
Guido Paul Philip Joseph Ravelli	5 of 5
Hj Ahmad bin Hj Ismail, PJK	5 of 5
The late Tan Peng Sheung	4 of 5

Dato' Siew Mun Wai was appointed after the financial year ended 30 June 2018. He has, so far, attended one (1) Audit Committee meeting held for the financial year ending 30 June 2019.

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:-

TERMS OF REFERENCE (cont'd)

Membership of the Audit Committee (cont'd)

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.

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;

AUDIT COMMITTEE REPORT
(cont'd)

TERMS OF REFERENCE (cont'd)

Key Functions and Responsibilities (cont'd)

2. The adequacy of scope, functions and resources of the internal audit function and the necessary authority to carry out its duties;

3. The internal audit programme and processes, the results of the internal audit programme, processes and/or investigation undertaken and whether or not appropriate actions are taken on the recommendation of the internal audit function and/or the Committee;

4. The quarterly results and year-end financial statements, prior to review by the Board of Directors, focusing particularly on:-

    i. Changes in or implementation of major accounting policy changes;

    ii. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions , and how these matters are addressed; and

    iii. compliance with accounting standards and other legal requirements.

5. Any related party transaction and conflict of interest situation that may arise within the Group including review of management integrity;

6. Audit programme and processes of the external auditors including evaluation of the performance and audit independence of the external auditors;

7. Any resignation of external auditors of the Company; and

8. Recommendation for nomination of a person or persons as external auditors.

Meetings and Reporting of the Audit Committee

1. The quorum in respect of a meeting of the Committee shall be a majority of independent directors.

2. The Committee shall meet each quarter of a financial year to review the unaudited results of the Group and on an annual basis, to review the audited financial statements. Additional meetings may be convened, as the Chairman shall decide, in order to fulfil its duties.

3. The Company Secretary or any person appointed by the Audit Committee shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Committee Members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the members and to the other members of the Board of Directors. The Chairman shall convene a meeting of the Committee to consider any matter that the external auditors believe should be brought to the attention of the directors and/or shareholders of the Company.

4. It is only upon an invitation of the Committee that any other directors and/or employees of the Company may attend a meeting of the Committee.

5. All or any member of the Committee may participate in a meeting of the Committee by telephone conferencing, video conferencing or any communication equipment that allows all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

INTERNAL AUDIT FUNCTION

The Group established an internal audit department which reports directly to the Audit Committee. During the financial year ended 30 June 2018, the internal audit department carried out its audit duties based on its establised internal audit framework that covered business audit, system audit, operational and financial audits and reported its findings to the Audit Committee. The Audit Committee together with the internal auditors, Executive Directors and Management reviewed the quarterly unaudited financial results and year-end audited financial statements and reported its assessment to the Board of Directors prior to release to Bursa Malaysia Securities Berhad.

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

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

The total cost incurred for the internal audit function of the Group for the financial year ended 30 June 2018 was approximately RM655,000.

ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2018

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

1. Review of the quarterly unaudited financial results and year-end audited financial statements and report to the Board of Directors of Malton prior to release to Bursa Malaysia Securities Berhad;

2. Review of related party transactions or conflict of interest situation that may arise within the Group including management integrity;

3. Review of the operational functions of various departments of Malton Berhad and its subsidiaries ("Malton Group") to assess the adherence to standard operating procedures in place;

4. Review of the internal controls established for Malton Group for assessment of quality and effectiveness and report on any weaknesses, to evaluate the risk managment and mitigation measures implemented by the Group; and

5. Review the independence policies and procedures of the external auditors and performance of the external auditors.

During the financial year ended 30 June 2018, the Audit Committee had reviewed the quarterly unaudited financial results together with members of Management and reported its comments to the Board of Directors prior to release to Bursa Malaysia Securities Berhad.

The Audit Committee reviewed related party transactions conducted during the financial year ended 30 June 2018 based on established guidelines and procedures to ensure that the transactions were entered into by the Group on an arm's length basis on terms which are not more favourable than those transacted with the public and not detrimental to the interest of the minority shareholders. It was confirmed that the transactions were carried out at prevailing market prices and on terms which are not more favourable than those transacted with the public and not detrimental to the interest of the minority shareholders.

The Audit Committee met with the external auditors, prior to commencement of the audit for the financial year ended 30 June 2018 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.

AUDIT COMMITTEE REPORT
(cont'd)

ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

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 2018, 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

CONTENTS

REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The directors of **MALTON BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

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	80,791	2,288
Income tax expense	(29,703)	(8,236)
Profit for the financial year	51,088	(5,948)
Profit attributable to:		
Owners of the Company	51,921	(5,948)
Non-controlling interests	(833)	-
	51,088	(5,948)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the impairment of investment in subsidiary companies and gain on revocation of joint development agreement of a subsidiary company as disclosed in Note 14 and Note 20 (c) to the Financial Statements.

DIVIDENDS

On 29 December 2017, the Company paid a first and final single-tier dividend of 2.5 sen per share amounting to RM13,199,758 in respect of the financial year ended 30 June 2017 as approved by the shareholders at the last Annual General Meeting.

The directors have proposed a first and final single-tier dividend of 2.0 sen per share in respect of the current financial year. The proposed first and final single-tier dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements for the current financial year. Such dividend when approved by shareholders will be accounted for in equity as an appropriation of retained earnings during the financial year ending 30 June 2019.

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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM528,176,445 to RM528,552,432 pursuant to the exercise of Employees' Share Option Scheme ("ESOS") and warrants. 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 expired 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 2017	139,301,169
Exercised during the year	(200)
Lapsed on expiry	(139,300,969)
As of 30 June 2018	-

SHARE OPTIONS

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

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

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:

		Number of options over ordinary shares			
Date of grant	**Exercise price per share RM**	**Balance as of 1.7.2017**	**Granted**	**Exercised**	**Balance as of 30.6.2018**
23.2.2017	0.80	5,243,800	-	(362,500)	4,881,300

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

(d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability o f 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.

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
Dato' Siew Mun Wai (appointed on 1.8.2018)
Tan Peng Sheung (deceased on 4.5.2018)

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 1.7.2017	**Bought**	**Sold**	**Balance as of 30.6.2018**
Shares in the Company				
Direct interest				
Lim Siew Fai	300,000	-	-	300,000
Indirect interest				
Tan Sri Lim Siew Choon	187,531,489	10,000,000	-	197,531,489*
Puan Sri Tan Kewi Yong	187,531,489	10,000,000	-	197,531,489*

	Number of warrants over ordinary shares			
	Balance as of 1.7.2017	**Bought**	**Expired**	**Balance as of 30.6.2018**
Warrants in the Company				
Indirect interest				
Tan Sri Lim Siew Choon	52,825,771*	-	(52,825,771)	-
Puan Sri Tan Kewi Yong	52,825,771*	-	(52,825,771)	-

* Held through Malton Corporation Sdn. Bhd.

REPORT OF THE DIRECTORS
(cont'd)

DIRECTORS' INTERESTS (cont'd)

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 1.7.2017	**Granted**	**Exercised**	**Balance as of 30.6.2018**
Tan Sri Lim Siew Choon	300,000	-	-	300,000
Guido Paul Philip Joseph Ravelli	150,000	-	-	150,000
Lim Siew Fai	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

DIRECTORS' BENEFITS

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

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group and the Company maintain directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Group and of the Company. The amount of insurance premium paid during the year is RM32,000.

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.

AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the year ended 30 June 2018 is as disclosed in Note 8(a) to the financial statements.

AUDITORS

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

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

LIM SIEW FAI

CHUA THIAN TECK

Kuala Lumpur,
23 October 2018

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 2018 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 52 to 132.

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 2018, 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 costs by using the stage of completion method. The stage of completion is determined by the proportion that property developments sold attributable to the stage of development work performed during the year 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(a)(i) and (ii), property development costs in Note 18 and amount due from contract customers in Note 21 to the financial statements.

(Forward)

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, surveyor certificates, architect certificates and others. We also performed site-visits for individually significant on-going projects to arrive at an overall assessment as to whether the information provided by management is reasonable.

- 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.

Valuation of Inventories

At the end of the reporting period, the Group has a significant number of unsold units amounting to RM125.7 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(v), 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 under the same project or comparable completed property units in the area, taking into consideration estimated selling price less cost to sell.

- 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.

(Forward)

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

(Forward)

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		The Group		The Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	5	818,773	830,739	32,668	51,402
Cost of sales	6	(671,503)	(618,751)	-	-
Gross profit		147,270	211,988	32,668	51,402
Other income		44,041	10,338	8,145	5,751
Share in results of associated companies	15	-	(181)	-	-
Selling and distribution expenses		(15,358)	(15,935)	-	-
Administrative expenses		(81,382)	(75,288)	(31,971)	(19,317)
Finance costs	7	(13,780)	(16,257)	(6,554)	(8,502)
Profit before tax	8	80,791	114,665	2,288	29,334
Income tax expense	9	(29,703)	(51,484)	(8,236)	(4,216)
Profit/(Loss) for the year		51,088	63,181	(5,948)	25,118
Other comprehensive loss, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Net changes in fair value of available-for-sale financial assets		(5)	(1)	(5)	(1)
Total comprehensive income/(loss) for the year		51,083	63,180	(5,953)	25,117
Profit/(Loss) attributable to:					
Owners of the Company		51,921	63,287	(5,948)	25,118
Non-controlling interests	14	(833)	(106)	-	-
		51,088	63,181	(5,948)	25,118
Total comprehensive income/(loss) attributable to:					
Owners of the Company		51,916	63,286	(5,953)	25,117
Non-controlling interests	14	(833)	(106)	-	-
		51,083	63,180	(5,953)	25,117
Earnings per ordinary share:	10				
Basic (sen)		9.83	13.59		
Diluted (sen)		9.82	13.53		

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

STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2018

		The Group		The Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	15,230	12,339	960	1,501
Investment properties	12	178,559	145,679	-	-
Land held for property development	13	31,457	78,888	-	-
Investment in subsidiary companies	14	-	-	504,149	505,492
Investment in associated companies	15	-	2,232	-	-
Other investments	16	245	245	-	-
Deferred tax assets	17	7,815	4,253	462	462
Total non-current assets		233,306	243,636	505,571	507,455
Current assets					
Property development costs	18	1,686,591	1,467,117	-	-
Inventories	19	125,707	97,615	-	-
Trade receivables	20	190,317	164,393	112	74
Other receivables and prepaid expenses	20	117,349	352,801	754	643
Accrued billings		63,331	173,487	-	-
Amount due from contract customers	21	38,553	12,558	-	-
Amount owing by subsidiary companies	22	-	-	158,497	130,375
Tax recoverable		189	231	-	-
Short-term funds	23	1,508	1,530	1,461	1,427
Fixed deposits with licensed banks	34	38,612	9,915	2,230	2,230
Cash and bank balances	24	122,757	73,033	11,416	586
Total current assets		2,384,914	2,352,680	174,470	135,335
Total assets		2,618,220	2,596,316	680,041	642,790

(Forward)

STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2018
(cont'd)

	Note	The Group 2018 RM'000	The Group 2017 RM'000	The Company 2018 RM'000	The Company 2017 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	25	528,552	528,176	528,552	528,176
Reserves	26	380,597	341,966	18,740	37,978
		909,149	870,142	547,292	566,154
Non-controlling interests	27	135,167	179,505	-	-
Total equity		1,044,316	1,049,647	547,292	566,154
Non-current liabilities					
Other payables	32	97,758	170,202	-	-
Redeemable preference shares	29	3,000	3,000	-	-
Bank borrowings - non-current portion	30	107,569	107,373	-	-
Hire-purchase payables - non-current portion	31	2,464	3,737	-	174
Deferred tax liabilities	17	62,401	62,450	-	-
Total non-current liabilities		273,192	346,762	-	174
Current liabilities					
Trade payables	32	508,970	415,529	-	-
Other payables and accrued expenses	32	349,664	253,358	5,169	5,919
Advance billings		260	8,466	-	-
Amount owing to subsidiary companies	22	-	-	453	104
Redeemable convertible secured loan stocks - current portion	28	-	-	-	-
Bank borrowings - current portion	30	422,617	484,640	124,958	66,964
Hire-purchase payables - current portion	31	2,690	2,162	174	337
Tax liabilities		16,511	35,752	1,995	3,138
Total current liabilities		1,300,712	1,199,907	132,749	76,462
Total liabilities		1,573,904	1,546,669	132,749	76,636
Total equity and liabilities		2,618,220	2,596,316	680,041	642,790

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Non-distributable reserves						Distributable reserve			
The Group	**Share capital RM'000**	**Share premium RM'000**	**Available -for-sale reserve RM'000**	**Revaluation reserve RM'000**	**Option reserve RM'000**	**Warrant 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**
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
As of 1 July 2017	528,176	-	51	2,065	1,238	20,546	-	318,066	870,142	179,505	1,049,647
Issuance of shares:											
ESOS (Note 25)	376	-	-	-	(85)	-	-	-	291	-	291
Arising from warrants lapsed	-	-	-	-	-	(20,546)	-	20,546	-	-	-
Total comprehensive income/ (loss) for the year	-	-	(5)	-	-	-	-	51,921	51,916	(833)	51,083
Dividend to equity holders of the Company (Note 33)	-	-	-	-	-	-	-	(13,200)	(13,200)	-	(13,200)
Redemption of redeemable preference shares (Note 27)	-	-	-	-	-	-	-	-	-	(43,505)	(43,505)
As of 30 June 2018	528,552	-	46	2,065	1,153	-	-	377,333	909,149	135,167	1,044,316

(Forward)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

		Non-distributable reserves					Distributable reserve	
The Company	**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 RCSLS RM'000**	**Retained earnings RM'000**	**Total RM'000**
As of 1 July 2016	448,416	6	76	-	20,546	2,887	747	472,678
Share options granted under ESOS	-	-	-	3,805	-	-	-	3,805
Issuance of shares:								
Conversion of RCSLS (Note 25)	68,490	-	-	-	-	(2,887)	1,465	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)	-	-	-	25,118	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	-	16,119	566,154
As of 1 July 2017	528,176	-	75	1,238	20,546	-	16,119	566,154
Issuance of shares:								
ESOS (Note 25)	376	-	-	(85)	-	-	-	291
Transfer to retained earnings (Note 25)	-	-	-	-	(20,546)	-	20,546	-
Total comprehensive loss for the year	-	-	(5)	-	-	-	(5,948)	(5,953)
Dividend to equity holders of the Company (Note 33)	-	-	-	-	-	-	(13,200)	(13,200)
As of 30 June 2018	528,552	-	70	1,153	-	-	17,517	547,292

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit/(Loss) for the year	51,088	63,181	(5,948)	25,118
Adjustments for:				
Income tax expense recognised in profit or loss	29,703	51,484	8,236	4,216
Finance costs	13,780	16,257	6,554	8,502
Depreciation of property, plant and equipment	4,272	3,632	680	679
Write-offs of:				
Property development costs	1,185	-	-	-
Property, plant and equipment	6	-	-	-
Other receivables	-	53	-	-
Share options granted under ESOS	-	3,805	-	1,282
Allowance for doubtful debts	-	3,095	-	-
Inventories written down	-	2,755	-	-
Dividends income from subsidiary companies	-	-	(9,880)	(29,640)
Impairment loss in:				
Investment in associate companies	2,232	-	-	-
Investment in subsidiary companies	-	-	11,343	-
Loss/(Gain) on:				
Revocation of joint development agreement of a subsidiary	(30,023)	-	-	-
Fair value adjustments of investment properties	(994)	931	-	-
Disposal of property, plant and equipment	(138)	411	-	-
Interest income	(5,330)	(3,133)	(8,093)	(5,700)
Allowance for doubtful debts no longer required	(3,095)	-	-	-
Distribution income on short-term funds	(82)	(57)	(52)	(50)
Share in results of associated companies	-	181	-	-
Operating Profit Before Working Capital Changes	62,604	142,595	2,840	4,407
(Increase)/Decrease in:				
Property development costs, net of interest expense of RM16,867,000 (2017: RM18,935,000) (Note 18(a))	(124,969)	(291,470)	-	-
Trade receivables (Note (ii))	(50,149)	(59,285)	(38)	(74)
Other receivables and prepaid expenses	238,547	14,203	(111)	12
Inventories (Note (ii))	3,416	38,594	-	-
Accrued billings	110,156	(148,289)	-	-
Amount due from contract customers	(25,995)	(11,442)	-	-
Increase/(Decrease) in:				
Trade payables	93,441	25,426	-	-
Other payables and accrued expenses (Note (ii))	37,312	291,890	(750)	1,012
Advance billings	(8,206)	1,359	-	-
Cash Generated From Operations	336,157	3,581	1,941	5,357
Income tax paid (Note (iii))	(52,742)	(32,445)	(9,379)	(2,088)
Income tax refunded	229	708	-	-
Net Cash From/(Used In) Operating Activities	283,644	(28,156)	(7,438)	3,269

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Additions to investment properties, net of interest expense of RM2,622,000 (2017: RM1,581,000) (Note 12)	(29,264)	(31,840)	-	-
Redemption of redeemable preference shares from non-controlling interests	(43,505)	(9,900)	-	-
Increase to land held for property development	(22,102)	(8,794)	-	-
Additions to property, plant and equipment (Note (i))	(5,446)	(1,397)	(139)	(296)
Placement of fixed deposits pledged to licensed banks	(28,697)	(5,823)	-	-
Additions to short-term funds	17	(109)	(39)	(48)
Advances to subsidiary companies	-	-	(27,773)	(54,439)
Acquisition of additional interest in subsidiary company	-	-	(10,000)	(2,499)
Proceeds from disposal of property, plant and equipment	144	44	-	-
Proceeds from issuance of additional shares of a subsidiary company to non-controlling interests	-	2,401	-	-
Interest received	5,330	3,133	8,093	5,700
Distribution income on short-term funds received	82	57	52	50
Dividends received	-	-	9,880	29,640
Net Cash Used In Investing Activities	(123,441)	(52,228)	(19,926)	(21,892)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
Proceeds from long-term loans	223,795	345,053	60,000	120,000
Withdrawal of RCSLS Debts Service Reserve and Disbursements Accounts	-	28,201	-	28,201
Proceeds from exercise of share options	291	8,697	291	8,697
Repayments of long-term loans	(278,912)	(229,124)	(2,000)	(92,000)
Redemption of redeemable convertible secured loan stocks	-	(27,762)	-	(27,762)
Repayments of hire-purchase payables	(2,474)	(1,926)	(337)	(340)
Repayments to subsidiary companies	-	-	-	(162)
Dividends paid	(13,200)	(11,211)	(13,200)	(11,211)
Interest paid	(33,269)	(34,044)	(6,554)	(7,354)
Net Cash (Used In)/From Financing Activities	(103,769)	77,884	38,200	18,069

(Forward)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018
(cont'd)

		The Group		The Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		56,434	(2,500)	10,836	(554)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		44,978	47,478	(4,378)	(3,824)
CASH AND CASH EQUIVALENTS AT END OF YEAR	34	101,412	44,978	6,458	(4,378)

Note (i)

During the financial year, the Group and the Company acquired property, plant and equipment at an aggregate cost of RM7,175,000 (2017: RM6,866,000) and RM139,000 (2017: RM296,000) respectively of which RM1,729,000 (2017: RM5,469,000) and RM Nil (2017: 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 RM5,446,000 (2017: RM1,397,000) and RM139,000 (2017: RM296,000) respectively.

Note (ii)

The Group completed the non-cash transactions with proceeds from sale of completed properties to a third party amounting to RM13,450,000 (2017: 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.

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

Note (iii)

In 2017, 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 and RM915,000 respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

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

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 23 October 2018.

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 at initial assessment is not material but subject to the completion of the process.

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 2017 as follows:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRSs	Annual Improvements to FRSs 2014 - 2016 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 and revised MFRSs, 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 listed below:

MFRS 9	Financial Instruments[1]
MFRS 15	Revenue from Contracts with Customers (and the related clarifications)[1]
MFRS 16	Lease[2]
MFRS 17	Insurance Constracts[4]
Amendments to MFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*[1]
Amendments to MFRS 9	Prepayments Features with Negative Compensation[2]
Amendments to MRFS 10 and MFRS 128	Sales or Contribution of Assets between an investor and Associate or Joint Venture[5]
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement[2]
Amendments to MFRS 128	Long-term interests in Associates and joint Ventures[2]
Amendments to MFRS 140	Transfers of Investment Property[1]
IC Int. 22	Foreign Currency Transactions and Advance Consderation[1]
IC Int. 23	Uncertainty over Income Tax Payments[2]

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle[1]
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle[2]
Amendments to References to Conceptual Framework in MFRS Standards[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2020
[4] Effective for annual periods beginning on or after 1 January 2021
[5] Effective date deferred to a date to be announced by MASB

The directors anticipate that the abovementioned MFRSs, 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 MFRSs, 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 discussed below:

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

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition, and in February 2017, the new requirements for general hedge accounting was issued by MASB. The mandatory effective date for MFRS 9 was removed in tandem with the issuance of the new requirements on hedge accounting. The new mandatory effective date will be announced by MASB in due course.

Key requirements of MFRS 9 are described as follows:

- All recognised financial assets that are within the scope of MFRS 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 MFRS 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, MFRS 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 MFRS 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.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 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 Group and the Company have assessed the initial application of MFRS 9, which would be adopted in conjunction with adoption of new MFRS Framework, and do not expect the application of MFRS 9 will have a significant impact on the financial statements of the Group and of the Company.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1 : Identify the contract(s) with a customer
Step 2 : Identify the performance obligations in the contract
Step 3 : Determine the transaction price
Step 4 : Allocate the transaction price to the performance obligations in the contract
Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

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

MFRS 15 Revenue from Contracts with Customers (cont'd)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Group and the Company have assessed the initial application of MFRS 15, which would be adopted in conjunction with adoption of new MFRS Framework, and do not expect the application of MFRS 15 will have a significant impact on the financial statements of the Group and of the Company.

MFRS 16 Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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).

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits (cont'd)

(ii) Defined contribution plan

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

(iii) Equity compensation benefits

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

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

Foreign Currency

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currency (cont'd)

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchanges 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

(ii) Deferred tax (cont'd)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

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

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

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

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

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

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.

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 company are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary company (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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combinations (cont'd)

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 as 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 acquire 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in Associated Companies (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Non-Financial Assets (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

3. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Financial Assets (cont'd)

(i) Effective Interest Method (cont'd)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

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

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

(v) Derecognition of Financial Assets (cont'd)

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".

<u>Financial Liabilities at FVTPL</u>

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

A financial liability is classified as held for trading if:

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

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 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.

<u>Other Financial Liabilities</u>

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.

<u>Redeemable Preference Shares</u>

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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) <u>Revenue recognition on property development projects and construction contracts</u>

The Group recognizes property development and construction contract revenue and costs by using the stage of completion method. The stage of completion is determined by the proportion that property development projects sold attributable to the stage of development work performed during the year and contract construction costs incurred for work performed to date compare to the estimated total property development and construction costs. Significant judgement is required in determining the stage of completion, the extent of the property development project sold and construction costs incurred, the estimated total property development and construction revenue and costs, as well as the recoverability of the development and construction projects. Estimated losses are recognized in full when determined. Property development and construction revenue and costs estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

(ii) <u>Classification between investment properties and property, plant and equipment</u>

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.

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

(b) Key Sources of Estimation Uncertainty

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

(i) Impairment of non-financial assets

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

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

(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.

(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.

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

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

(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) Impairment in investment in subsidiary companies

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

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

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

5. REVENUE

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from:				
Property development	401,967	550,904	-	-
Construction contracts	384,730	209,386	-	-
Completed properties and vacant land	29,417	69,289	-	-
Rental income from investment properties	632	630	-	-
Dividends from subsidiary companies (Note 22)	-	-	9,880	29,640
Management fee receivable from subsidiary companies (Note 22)	-	-	21,888	21,312
Others	2,027	530	900	450
	818,773	830,739	32,668	51,402

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. COST OF SALES

	The Group	
	2018 RM'000	2017 RM'000
Cost of property development sold (Note 18)	330,927	415,065
Cost of construction contracts	321,991	152,209
Cost of inventories sold	16,866	51,477
Allowance for foreseeable loss (Note 18)	1,719	-
	671,503	618,751

7. FINANCE COSTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
Term loans/Bridging loans	20,119	22,412	-	-
Revolving credits	8,574	5,889	6,287	3,681
Bank overdrafts	1,489	1,257	252	335
Hire-purchase	384	378	15	29
Trade facilities	-	443	-	-
Imputed interest on:				
RCSLS (Note 28)	-	4,457	-	4,457
Others	2,703	1,937	-	-
	33,269	36,773	6,554	8,502
Less interest capitalised in:				
Investment properties (Note 12)	(2,622)	(1,581)	-	-
Property development costs (Note 18)	(16,867)	(18,935)	-	-
	(19,489)	(20,516)	-	-
	13,780	16,257	6,554	8,502

8. PROFIT BEFORE TAX

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

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Gain)/Loss on:				
Revocation of joint development agreement of a subsidiary (Note 20 (c))	(30,023)	-	-	-
Disposal of property, plant and equipment	(138)	411	-	-
Interest income on:				
Other receivable - advance entitlements	-	(1,842)	-	-
Fixed deposits	(1,472)	(738)	(381)	(136)
Housing Development Account	(1,029)	-	-	-
Others	(945)	(553)	-	-
Amount owing by subsidiary companies (Note 22)	-	-	(7,712)	(5,564)
Imputed interest on other receivable	(1,884)	(3,015)	-	-
	(5,330)	(6,148)	(8,093)	(5,700)
Allowance for doubtful debts no longer required (Note 20)	(3,095)	-	-	-
Rental income	(3,018)	(2,619)	-	-
(Gain)/loss on fair value adjustments of investment properties (Note 12)	(994)	931	-	-
Distribution income on short-term funds	(82)	(57)	(52)	(50)
Allowance for doubtful debts (Note 20)	-	3,095	-	-
Inventories written down (Note 19)	-	2,755	-	-
Depreciation of property, plant and equipment (Note 11)	4,272	3,632	680	679
Rental of premises payable to third party	3,959	3,515	300	292
Impairment loss:				
Investment in associated companies (Note 15)	2,232	-	-	-
Investment in subsidiary companies (Note 14)	-	-	11,343	-
Write-offs of:				
Property development costs (Note 18)	1,185	-	-	-
Property, plant and equipment	6	-	-	-
Other receivables	-	53	-	-
Audit fees:				
Statutory	448	440	85	85
Underprovision in prior years	-	46	-	-
Lease rental	49	64	22	24

8. PROFIT BEFORE TAX (cont'd)

(b) Staff costs

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and bonuses	38,589	28,921	6,299	5,153
Defined contribution plan	3,806	3,012	489	424
Social security contributions	206	161	23	22
Share options granted under ESOS	-	3,168	-	645
	42,601	35,262	6,811	6,244

(c) Directors' remuneration

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive directors:				
Salaries and other emoluments	4,608	5,390	4,608	5,390
Defined contribution plan	543	638	543	638
Share options granted under ESOS	-	531	-	531
	5,151	6,559	5,151	6,559
Non-executive directors:				
Fees	380	264	380	264
Allowances	45	45	45	45
Share options granted under ESOS	-	106	-	106
	425	415	425	415
	5,576	6,974	5,576	6,974

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 RM198,000 and RM198,000 (2017: RM196,000 and RM196,000), respectively.

9. INCOME TAX EXPENSE

	The Group		The Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable:				
Current	31,750	48,451	3,600	4,701
Under/(Over)provision in prior years	1,564	(343)	4,636	219
	33,314	48,108	8,236	4,920
Deferred tax (Note 17):				
Current	(2,614)	1,965	-	(704)
(Over)/Underprovision in prior years	(997)	1,411	-	-
	(3,611)	3,376	-	(704)
Income tax expense	29,703	51,484	8,236	4,216

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax	80,791	114,665	2,288	29,334
Tax expense at the applicable statutory income tax rate of 24% (2017: 24%)	19,390	27,520	549	7,040
Tax effects of:				
Expenses not deductible for tax purposes	10,692	13,650	5,434	4,083
Income not subject to tax	(1,449)	(214)	(2,383)	(7,126)
Deferred tax not recognised	503	9,460	-	-
Under/(Over)provision in prior years in respect of estimated tax payable	1,564	(343)	4,636	219
(Over)/Underprovision in prior years in respect of deferred tax	(997)	1,411	-	-
Income tax expense	29,703	51,484	8,236	4,216

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 2018, 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	
	2018 RM'000	2017 RM'000
Deductible temporary differences arising from other payables and accrued expenses	5,707	726
Unused tax losses	47,551	50,407
Unabsorbed capital allowances	625	652
	53,883	51,785

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	
	2018 RM'000	2017 RM'000
Profit attributable to ordinary equity holders of the Company	51,921	63,287

	The Group	
	2018 '000	2017 '000
Weighted average number of ordinary shares in issue and ranking for dividend	528,000	465,845

Basic earnings per ordinary share for:

	The Group	
	2018 Sen	2017 Sen
Profit attributable to ordinary equity holders of the Company	9.83	13.59

10. EARNINGS PER ORDINARY SHARE (cont'd)

Basic (cont'd)

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	
	2018 RM'000	**2017 RM'000**
Profit attributable to ordinary equity holders of the Company	51,921	63,287

	The Group	
	2018 '000	**2017 '000**
Weighted average number of ordinary shares in issue and ranking for dividend	528,000	465,845
Effects of share option dilution	822	1,760
Adjusted weighted average number of ordinary shares in issue and ranking for dividend	528,822	467,605

Diluted earnings per ordinary share:

	The Group	
	2018 Sen	**2017 Sen**
Profit attributable to ordinary equity holders of the Company	9.82	13.53

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

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	Total RM'000
Cost								
As of 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/ 1 July 2017	4,146	1,491	11,878	6,587	297	3,736	5,971	34,106
Additions	45	113	325	5,641	-	345	706	7,175
Disposals	-	(22)	(1,328)	-	-	-	-	(1,350)
Write-offs	(22)	(5)	-	-	-	(6)	-	(33)
As of 30 June 2018	4,169	1,577	10,875	12,228	297	4,075	6,677	39,898

(Forward)

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	Total RM'000
Accumulated depreciation								
As of 1 July 2016	3,031	1,181	7,072	2,571	266	2,482	2,497	19,100
Charge for the year (Note 8)	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 2017/1 July 2017	3,265	1,223	7,955	3,028	278	2,760	3,258	21,767
Charge for the year (Note 8)	226	60	1,365	1,463	8	354	796	4,272
Disposals	-	(12)	(1,329)	-	-	-	(3)	(1,344)
Write-offs	(17)	(4)	-	-	-	(6)	-	(27)
As of 30 June 2018	3,474	1,267	7,991	4,491	286	3,108	4,051	24,668
Net book value								
As of 30 June 2018	695	310	2,884	7,737	11	967	2,626	15,230
As of 30 June 2017	881	268	3,923	3,559	19	976	2,713	12,339

(Forward)

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 2016	478	248	1,981	756	1,062	4,525
Additions	3	13	-	280	-	296
As of 30 June 2017/ 1 July 2017	481	261	1,981	1,036	1,062	4,821
Additions	17	5	-	117	-	139
As of 30 June 2018	498	266	1,981	1,153	1,062	4,960
Accumulated depreciation						
As of 1 July 2016	266	169	1,043	531	632	2,641
Charge for the year (Note 8)	47	17	396	112	107	679
As of 30 June 2017/ 1 July 2017	313	186	1,439	643	739	3,320
Charge for the year (Note 8)	48	15	375	136	106	680
As of 30 June 2018	361	201	1,814	779	845	4,000
Net book value						
As of 30 June 2018	137	65	167	374	217	960
As of 30 June 2017	168	75	542	393	323	1,501

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

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

12. INVESTMENT PROPERTIES

The Group	At fair value Freehold properties RM'000	 Long-term leasehold properties RM'000	At cost Leasehold properties under construction RM'000	Total RM'000
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
As of 1 July 2017	11,900	38,976	94,803	145,679
Fair value adjustments (Note 8)	260	734	-	994
Additions	-	-	31,886	31,886
As of 30 June 2018	12,160	39,710	126,689	178,559

(a) Investment properties

(i) At fair value

The fair values of the Group's investment properties as of 30 June 2018 have been arrived at by the directors based, among others, on valuations carried out in July 2018 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 2017, the investment properties of the Group amounting to RM45,900,000 were charged to the trustee as securities for the redeemable convertible secured loan stocks ("RCSLS") as mentioned in Note 28. The Company has fully redeemed and converted the RCSLS, accordingly, the said properties were discharged from the trustee.

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

12. INVESTMENT PROPERTIES (Cont'd)

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

	The Group 2018 RM'000	The Group 2017 RM'000
Rental income	(1,044)	(966)
Direct operating expenses	978	949

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

	The Group 2018 RM'000	The Group 2017 RM'000
Interest expense on (Note 7):		
Revolving credits	2,622	1,581

13. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group 2018 RM'000	The Group 2017 RM'000
At beginning 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
Additions during the year:		
Freehold land - at cost	277	5
Development expenditure	21,825	8,789
	22,102	8,794
Transfer to property development costs (Note 18):		
Freehold land - at cost	(11,443)	-
Development expenditure	(58,090)	-
	(69,533)	-
Transfer to inventories:		
Freehold land	-	(13,042)
Development expenditure	-	(2,102)
	-	(15,144)
At end of year:		
Freehold land - at cost	11,458	22,624
Long-term leasehold land - at cost	8,500	8,500
Development expenditure	11,499	47,764
	31,457	78,888

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

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

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2018	2017
	RM'000	RM'000
Unquoted shares, at cost	515,859	505,859
Less: Accumulated impairment loss	(11,710)	(367)
	504,149	505,492

	The Company	
	2018	2017
	RM'000	RM'000
Accumulated impairment losses		
At beginning of year	367	367
Addition during the year (Note 8)	11,343	-
At end of year	11,710	367

2018

(i) Acquisition of new subsidiary company

Ambang Suriamas Sdn Bhd

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

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

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

(ii) Additional investment in an existing subsidiary company

Khuan Choo Realty Sdn Bhd

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

2017

(i) Acquisition of new subsidiary company

Amberstraits Sdn Bhd

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

(ii) Additional investment in existing subsidiary company

Memang Perkasa Sdn Bhd ("MPSB")

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

Impairment loss

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

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

- Discount rate of 7.0%

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

The details of the subsidiary companies are as follows:

Name	Country of Incorporation	Proportion of ownership interest and voting power 2018 %	2017 %	Principal Activities
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

(Forward)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Impairment loss (Cont'd)

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

Name	Country of Incorporation	Proportion of ownership interest and voting power 2018 %	2017 %	Principal Activities
Direct Subsidiary Companies				
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
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

(Forward)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Impairment loss (Cont'd)

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

Name	Country of Incorporation	Proportion of ownership interest and voting power 2018 %	2017 %	Principal Activities
Indirect Subsidiary Companies (Held through Khuan Choo Realty Sdn Bhd)				
Melariang Sdn Bhd	Malaysia	100	100	Property development and investment holding
Amberstraits Sdn Bhd	Malaysia	100	100	Dormant
Ambang Suriamas 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
Domain EPC Sdn Bhd	Malaysia	100	100	Project management
DMP Construction Sdn Bhd	Malaysia	100	100	Dormant
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
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

(Forward)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Impairment loss (Cont'd)

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

Name	Country of Incorporation	Proportion of ownership interest and voting power 2018	2017	Principal Activities
		%	%	
Indirect Subsidiary Company (Held through Amberstraits Sdn Bhd)				
Regal Path Sdn Bhd	Malaysia	100	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 2018	2017
Property development	Malaysia	18	18
Construction contracts	Malaysia	3	3
Property trading	Malaysia	1	1
Investment holding	Malaysia	3	3
Dormant	Malaysia	5	4
	People's Republic of China	1	1
	British Virgin Islands	2	2

Principal Activity	Country of Incorporation	Number of non-wholly-owned subsidiaries 2018	2017
Property development	Malaysia	1	1
Investment holding	Malaysia	1	1

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Details of non-wholly owned subsidiary companies that have material non-controlling 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)	
		2018 %	2017 %	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Memang Perkasa Sdn Bhd ("MPSB")	Malaysia	49	49	(591)	(40)	135,322	179,418
Macorp Sdn Bhd ("MSB")	Malaysia	13	13	(242)	(66)	(155)	87
				(833)	(106)	135,167	179,505

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

	2018 RM'000	2017 RM'000
MPSB		
Current assets	264,162	254,181
Current liabilities	(85,315)	(32,349)
Equity attributable to owners of the Company	43,525	42,414
Non-controlling interests	135,322	179,418

	2018 RM'000	2017 RM'000
Selling and distribution expenses	(167)	(40)
Administrative expenses	(1,041)	(41)
Loss before tax	(1,208)	(81)
Income tax expense	-	-
Loss for the year	(1,208)	(81)

14. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

	2018 RM'000	2017 RM'000
MSB		
Current assets	1,328	569
Non-current assets	105,615	72,331
Current liabilities	(61,931)	(35,175)
Non-current liabilities	(38,854)	(29,475)
Equity attributable to owners of the Company	6,313	8,163
Non-controlling interests	(155)	87

	2018 RM'000	2017 RM'000
Other income	17	8
Administrative expenses	(480)	(109)
Finance costs	(1,395)	(408)
Loss before tax	(1,858)	(509)
Income tax expense	-	-
Loss for the year	(1,858)	(509)

15. INVESTMENT IN ASSOCIATED COMPANIES

	The Group	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	*	*
Share in post-acquisition reserves	-	2,232
	-	2,232

* The cost of investment is RM45 as of 30 June 2018 and 30 June 2017.

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

15. INVESTMENT IN ASSOCIATED COMPANIES (Cont'd)

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

	2018 RM'000	2017 RM'000
Assets and Liabilities		
Total assets	36,506	187,993
Total liabilities	(48,259)	(167,475)
Net (liabilities)/assets	(11,753)	20,518
Group's share of net assets of associated companies	-	2,232
Results		
Total revenue	-	5,000
Profit for the financial year	-	1,356
Group's share of profit/(loss) for the financial year	-	(181)

The details of the associated companies are as follows:

Name	Country of Incorporation	Proportion of ownership interest/voting rights held by the Group 2018 %	2017 %	Principal Activities
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
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	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 2017.

^ 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 process of winding-up pursuant to the Section 445(2) of the Companies Act, 2016.

16. OTHER INVESTMENTS

	The Group 2018 RM'000	The Group 2017 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax assets	7,815	4,253	462	462
Deferred tax liabilities	(62,401)	(62,450)	-	-
	(54,586)	(58,197)	462	462

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

The Group 2018	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)	(5)	(4,805)
Property, plant and equipment	(838)	181	(657)
	(63,238)	176	(63,062)
Deferred tax assets:			
Unused tax losses	3,164	2,524	5,688
Other payables and accrued expenses	2,058	(1,174)	884
Unabsorbed capital allowances	(477)	510	33
Others	296	1,575	1,871
	5,041	3,435	8,476
	(58,197)	3,611	(54,586)

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 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 Company **2018**	**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, plant and equipment	(71)	-	(71)
Deferred tax assets:			
Other payables and accrued expenses	533	-	533
	462	-	462
2017			
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

18. PROPERTY DEVELOPMENT COSTS

	The Group	
	2018 RM'000	2017 RM'000
At beginning of year:		
Freehold land - at cost	10,837	12,724
Freehold land - proprietor's entitlement	298,639	80,206
Long-term leasehold land - at cost	120,682	120,682
Long-term leasehold land - proprietor's entitlement	667,235	657,093
Development expenditure	740,170	610,270
	1,837,563	1,480,975
Additions during the year:		
Freehold land - at cost	4	4
Freehold land - proprietor's entitlement	15,850	314,240
Long-term leasehold land - proprietor's entitlement	21,895	10,143
Development expenditure	466,756	413,966
	504,505	738,353
Transfer from land held for property development (Note 13):		
Freehold land - at cost	11,443	-
Development expenditure	58,090	-
	69,533	-
Cumulative costs recognised as an expense in profit or loss:		
Previous years	(370,446)	(306,131)
Current year (Note 6)	(330,927)	(415,065)
Closed out due to completion of projects	187,915	350,750
	(513,458)	(370,446)
Costs closed out during the year due to completion of projects	(187,915)	(350,750)
Allowance for foreseeable losses (Note 6)	(1,719)	-
Property development costs written off (Note 8)	(1,185)	-
Transfer to inventories	(20,733)	(31,015)
At end of year	1,686,591	1,467,117

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

	The Group	
	2018 RM'000	2017 RM'000
Interest expense on (Note 7):		
Term loans/Bridging loans	16,867	18,935

18. PROPERTY DEVELOPMENT COSTS (Cont'd)

(b) The title deeds in respect of the freehold and long-term leasehold land - proprietor's entitlement are not registered under the subsidiary companies' names as these title deeds will be transferred directly to purchasers upon sale of the properties.

(c) In 2017, the long-term leasehold land under property development of the Group amounting to RM24,805,000 was charged to the trustee as mentioned in Note 28. The Company has fully redeemed and converted the RCSLS, accordingly, the said property was discharged from the trustee.

(d) Certain freehold land, long-term leasehold land, freehold land - proprietor's entitlement and long-term leasehold land - proprietor's entitlement of the Group under property development amounting to RM4,892,000 (2017: RM18,330,000), RM176,340,000 (2017: RM28,692,000), RM501,894,000 (2017: RM989,401,000) and RM271,949,000 (2017: RM309,761,000), respectively are charged to licensed banks for credit facilities granted to the Group as mentioned in Note 30.

(e) Pursuant to the Joint Venture Agreement ("JVA") dated 7 April 2014, Yayasan Wilayah Persekutuan ("Yayasan WP"), a third party, was required to deliver vacant possession of a parcel of long-term leasehold land to Memang Perkasa Sdn Bhd ("MPSB"), a 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 terms of JVA.

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

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

(i) An Order of Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant a conditional planning approval dated 28 February 2017 for the proposed development on the Land;

(ii) An Order for Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant a Development Order dated 13 July 2017 in relation to the propsed development mentioned in paragraph (i) above; and

(iii) An Order on Mandamus for the Datuk Bandar Kuala Lumpur to adopt the draft Kuala Lumpur local plan 2020 and to publish the said adoption in the gazette pursuant to Section 16 of the Federal Territory (Planning Act) 1982.

The Judicial Review Proceeding that was scheduled on 26 and 27 September 2018 has been postponed to 28 and 29 November 2018. Barring unforeseen circumstances and based on the opinion of the legal counsel, the management is of the opinion that MPSB has a strong defence of the Judicial Review.

18. PROPERTY DEVELOPMENT COSTS (Cont'd)

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

Included in property development costs is freehold land proprietor's entitlement amounting to RM314,489,000 (2017: RM394,446,000), of which RM253,358,000 (2017: RM274,778,000) (Note 32 (c)) is payable to BJDSB, a third party. The directors have recognised the said proprietor's entitlement progressively in respect of the completed developments and on-going development projects, pursuant to the JDA and the SA.

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

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

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

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

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

19. INVENTORIES

	The Group	
	2018 RM'000	2017 RM'000
Completed properties	110,931	86,018
Commercial land	9,000	9,000
Bungalow land	5,776	2,597
	125,707	97,615

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

In 2017, the Group recognised an expense of RM2,755,000 (Note 8) in respect of inventories written down to its net realisable value.

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

Included in inventories are completed properties and commercial land with cost amounting to RM33,066,000 (2017: RM37,607,000) 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 (2017: 7 to 90 days) unless otherwise agreed under contractual obligations.

Trade receivables are as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables	131,325	128,904	112	74
Retention sum held by contract customers (Note 21)	52,831	29,394	-	-
Stakeholder sum held by solicitors	6,161	6,095	-	-
	190,317	164,393	112	74

Retention sum held by contract customers and stakeholder sum held by solicitors are due upon expiry of retention periods ranging from 6 to 24 months (2017: 6 to 24 months).

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

Ageing of past due but not impaired

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Past due more than 1 month	8,342	8,095	-	-
Past due 1 to 2 months	7,928	4,870	76	-
Past due more than 2 months	41,170	24,443	-	74
Total	57,440	37,408	76	74

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

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables (Notes (a), (b), (c) and (d))	74,903	325,238	334	479
Less: Allowance for doubtful debts (Note (b))	-	(3,095)	-	-
	74,903	322,143	334	479
Advance to an indirect associated company (Note (e))	28,984	19,245	-	-
Deposits	13,365	11,209	419	117
Prepaid expenses	97	204	1	47
	117,349	352,801	754	643

Movement in the allowance for doubtful debts

	The Group	
	2018 RM'000	2017 RM'000
At beginning of year	3,095	-
Impairment loss recognised (Note 8)	-	3,095
Reversal of impairment loss (Note 8)	(3,095)	-
At end of year	-	3,095

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

(a) In 2017, included in other receivables of the Group is an amount of RM17,472,000, representing accumulated interest charges to Bukit Jalil Development Sdn Bhd ("BJDSB"), a third party, by Pioneer Haven Sdn Bhd ("PHSB"), a wholly-owned subsidiary company, pursuant to the Joint Development Agreement ("JDA") dated 16 March 2010 and the Supplemental Agreement dated 3 July 2012 ("SA").

(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 (2017: 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 2018, the amount receivable from the said third party is RM16,030,000 (2017: RM12,935,000), net of allowance for doubtful debts amounting to RM Nil (2017: RM3,095,000).

(c) In 2017, included in other receivables of the Group is an amount of 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.

In 2017, the long-term leasehold land was charged to a licensed bank for credit facilities granted to the Company.

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

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

(i) full payment of the revocation sum amounting to RM50,000,000 to SSSB;

(ii) full settlement of the loan obtained by SSSB to finance the development project; and

(iii) full settlement of all outstanding advances made by SSSB to BKDSB under the JDA.

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

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

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

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

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

(e) Advance to an indirect associated company amounting to RM28,984,000 (2017: RM19,245,000) is interest-free, unsecured and repayable on demand.

21. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2018 RM'000	**2017 RM'000**
Contract costs incurred	1,459,671	1,465,389
Add: Profit attributable to development work performed to date	143,966	196,137
	1,603,637	1,661,526
Less: Progress billings received and receivable	(1,565,084)	(1,648,968)
Amount due from contract customers	38,553	12,558
Retention sum held by contract customers (included under trade receivables) (Note 20)	52,831	29,394
Retention sum payable to sub-contractors (included under trade payables) (Note 32)	96,074	58,527

Included in current additions to contract costs are the following:

	The Group	
	2018 RM'000	**2017 RM'000**
Staff costs	13,080	12,278
Rental of equipment	5,461	5,946

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 RM1,457,572 (2017: RM1,400,000).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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 6.00% (2017: 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.

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.
Dream Domain Sdn Bhd	A company in which a director of the Company, namely Chua Thian Teck has direct financial interest.

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

	The Company	
	2018 RM'000	2017 RM'000
With subsidiary companies:		
Dividends received (Note 5)	9,880	29,640
Management fee received/receivable (Note 5)	21,888	21,312
Interest income received/receivable (Note 8)	7,712	5,564
Transfer of tax credits to the Company	-	915
Accounting fees paid/payable	(96)	(60)

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

	The Group		The Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
With related parties:				
Impian Ekspresi Sdn Bhd				
Progress billing receivable	170,639	61,478	-	-
Harmoni Perkasa Sdn Bhd				
Progress billing receivable	47,611	61,372	-	-
Pavilion REIT				
Rental of premises paid/payable	3,071	3,017	299	292
Crabtree & Evelyn (Malaysia) Sdn Bhd				
Purchase of gifts and hampers	148	258	148	236
Dream Domain Sdn Bhd				
Rental of premies paid/payable	112	-	-	-
Rental of premises paid/payable to Mr. Lim Siew Fai, a director of the Company	192	-	-	-
Sale of properties to certain directors and family members of certain directors of the Company	3,976	29,614	-	-

Compensation of key management personnel

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

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

	The Group		The Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Short-term employee benefits	6,470	7,272	5,033	5,699
Defined contribution plans	688	794	543	638
Share options granted under ESOS	-	672	-	637
	7,158	8,738	5,576	6,974

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 RM198,000 (2017: RM233,000 and RM196,000), 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Available-for-sale				
Investments in unit trust funds in Malaysia	1,508	1,530	1,461	1,427

24. CASH AND BANK BALANCES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	108,354	45,498	11,416	586
Housing Development Accounts	14,403	27,535	-	-
	122,757	73,033	11,416	586

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

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

25. SHARE CAPITAL

	The Group and the Company			
	2018		2017	
	No. of shares ('000)	RM'000	No. of shares ('000)	RM'000
Issued and fully paid-up:				
Ordinary shares				
At beginning of year	527,777	528,176	448,416	448,416
Issuance of shares:				
Conversion of RCSLS (Note 28)	-	-	68,490	68,490
Employees' Share Option Scheme ("ESOS")	364	376	10,871	11,264
Transfer arising from "no par-value" regime (Note 26)	-	-	-	6
At end of year	528,141	528,552	527,777	528,176

During the financial year, the issued and paid-up share capital of the Company was increased from RM528,176,000 to RM528,552,000 pursuant to the exercise of ESOS. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

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

25. SHARE CAPITAL (Cont'd)

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	
	2018 Unit '000	2017 Unit '000
At beginning of year	5,244	-
Granted	-	16,115
Exercised	(363)	(10,871)
At end of year	4,881	5,244

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.

25. SHARE CAPITAL (Cont'd)

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

(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.

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

	Number of Warrants	
	2018	**2017**
	Unit '000	**Unit '000**
At beginning of year	139,301	139,301
Lapsed during the year	(139,301)	-
At end of year	-	139,301

26. RESERVES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-distributable:				
Available-for-sale reserve	46	51	70	75
Revaluation reserve	2,065	2,065	-	-
Option reserve	1,153	1,238	1,153	1,238
Warrant reserve	-	20,546	-	20,546
Distributable:				
Retained earnings	377,333	318,066	17,517	16,119
Total	380,597	341,966	18,740	37,978

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.

Warrant reserve

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

Retained earnings

As of 30 June 2018, 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 24,290,000 (2017: 32,200,000) Redeemable Preference Shares ("RPS") issued by Memang Perkasa Sdn Bhd ("MPSB"), a subsidiary company, which is held by Tegap Dinamik Sdn Bhd ("TDSB"), a third party, amounting to RM133,595,000 (2017: RM177,100,000).

During the financial year, the Group redeemed 7,910,000 (2017: 1,800,000) RPS of a subsidiary company, which was held by TDSB, for a total redemption price of RM43,505,000 (2017: RM9,900,000).

The RPS shall confer on the holder the following rights:

(a) The RPS shall not be entitled to receive any fixed dividend;

(b) The RPS shall not be mandatorily redeemed on the maturity date, which is 3 December 2025;

(c) Unless redeemed earlier, RPS shall, on the maturity date, be automatically converted into new ordinary shares at conversion ratio fixed at 100 RPS surrendered for cancellation for every one new ordinary share of RM1.00 each;

(d) The RPS shall rank in priority to the ordinary shares of MPSB but rank behind all secured and unsecured obligations of MPSB; and

(e) The RPS is redeemable at the option of the issuer at any time after the issued date and during the tenure of the RPS.

28. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS")

On 1 July 2011, the Company had completed the issuance of RM139,341,169 nominal value 7-year 6% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value together with 139,341,169 Warrants and 69,670,584 Bonus Shares.

The salient features of the RCSLS were as follows:

(a) Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem all outstanding RCSLS at 100% of the nominal value of the RCSLS at the end of the seventh anniversary from the date of issuance of the RCSLS.

(b) The coupon payment is payable in arrears on a quarterly basis and is computed based on the nominal value of the RCSLS at a rate of 6% per annum.

(c) Each registered holder of RCSLS shall have the right at any time, after the issuance of RCSLS until the seventh anniversary from the date of issuance, to convert such nominal value of RCSLS held into fully-paid ordinary shares. The conversion price of RCSLS shall be fixed at RM1.00 by surrendering for cancellation, RM1.00 nominal value of RCSLS for one (1) new ordinary share of the Company.

(d) The RCSLS holders are not entitled to participate in any distribution or offer of securities of the Company until and unless such RCSLS holders convert the RCSLS into ordinary shares of the Company.

(e) Upon conversion of the RCSLS into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of the Company in issue at the time of conversion except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new ordinary shares to be issued pursuant to the conversion of the RCSLS.

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

(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.

In 2017, the Company has fully redeemed and converted the RCSLS and these properties were discharged from the trustee.

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

	The Group and The Company	
	2018 RM'000	2017 RM'000
At beginning of year	-	93,681
Imputed interest expense (Note 7)	-	4,457
Interest paid during the year	-	(1,886)
Conversion during the year (Note 25)	-	(68,490)
Redemption during the year	-	(27,762)
At end of year	-	-

29. REDEEMABLE PREFERENCE SHARES

	The Group	
	2018	**2017**
	RM'000	**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:

(a) 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.

(b) 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.

(c) The total issued and paid up preference share capital shall always represent 30% of the total share capital of PHSB.

(d) 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.

(e) Each RPS entitles the holder to participate in any further preference shares issued/offered by PHSB.

(f) 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.

(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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Secured:				
Long-term loans	241,210	336,246	-	-
Bank overdrafts (Note 34)	21,345	28,055	4,958	4,964
Revolving credits	222,607	169,864	120,000	62,000
Trade facilities	35,024	13,285	-	-
Bridging loans	10,000	44,563	-	-
	530,186	592,013	124,958	66,964
Less: Amount due within next 12 months (included under current liabilities)	(422,617)	(484,640)	(124,958)	(66,964)
Non-current portion	107,569	107,373	-	-

The non-current portion is repayable as follows:

	The Group		The Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Between 1 - 2 years	53,550	38,368	-	-
Between 2 - 5 years	52,186	49,189	-	-
More than 5 years	1,833	19,816	-	-
	107,569	107,373	-	-

As of 30 June 2018, the Group and the Company have the following credit facilities from licensed banks:

	The Group		The Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Secured:				
Term loans	809,867	742,000	-	-
Bridging loans	574,301	414,968	-	-
Revolving credits	303,000	223,000	120,000	90,000
Trade facilities	50,000	63,286	-	-
Bankers guarantee	78,750	55,750	14,000	2,000
Bank overdrafts	28,000	28,000	-	-
Islamic financing	18,000	18,000	5,000	5,000
	1,861,918	1,545,004	139,000	97,000

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

30. BANK BORROWINGS (Cont'd)

The interest rates per annum are as follows:

	The Group		The Company	
	2018 per annum	2017 per annum	2018 per annum	2017 per annum
Secured:				
Term loans	5.23% to 8.25%	5.40% to 8.15%	-	-
Bridging loans	5.04% to 8.10%	8.10%	-	-
Revolving credits	5.00% to 7.90%	5.37% to 7.90%	5.56% to 7.90%	5.37% to 7.90%
Bank overdrafts	8.15% to 8.50%	8.15% to 8.67%	-	-
Islamic financing	7.85%	6.80% to 7.85%	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 and 19, respectively.

(ii) A debenture incorporating a fixed and floating charge over present and future assets of certain subsidiary companies.

(iii) Fixed deposits of 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total outstanding	5,512	6,409	177	528
Less: Interest-in suspense outstanding	(358)	(510)	(3)	(17)
Principal outstanding	5,154	5,899	174	511
Less: Amount due within 12 months (included under current liabilities)	(2,690)	(2,162)	(174)	(337)
Non-current portion	2,464	3,737	-	174

The non-current portion is payable as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Between 1 – 2 years	1,400	2,124	-	174
Between 2 – 5 years	1,064	1,613	-	-
	2,464	3,737	-	174

For the financial year ended 30 June 2018, the effective interest rates for the hire-purchase payables of the Group and of the Company range from 4.37% to 7.97% (2017: 2.38% to 4.84%) per annum and 4.37% (2017: 4.37% to 4.50%) per annum respectively. Interest rates are fixed at the inception of the hire-purchase arrangements.

32. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise mainly amount outstanding to contractors and consultants for property development projects. The credit period granted to the Group ranges from 30 to 120 days (2017: 30 to 120 days).

Trade payables are as follows:

	The Group	
	2018 RM'000	2017 RM'000
Trade payables	184,164	161,028
Accrued costs to completion of projects	24,515	11,581
Accrued uncertified work performed by sub-contractors	204,217	184,393
	412,896	357,002
Retention sum payable to sub-contractors (Note 21)	96,074	58,527
	508,970	415,529

Other payables and accrued expenses are as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables (Note (b) and (c))	384,531	400,939	1,542	2,140
Accrued expenses	62,336	22,621	3,627	3,779
Amount owing to directors (Note (a))	555	-	-	-
	447,422	423,560	5,169	5,919
Less: Other payable - non-current portion (Note (c))	(97,758)	(170,202)	-	-
	349,664	253,358	5,169	5,919

(a) Amount owing to directors, which arose mainly from unsecured advances, was interest-free and repayable on demand.

(b) Included in other payables are proprietor's entitlements payable to Yayasan WP, Gagasan Matrik Sdn Bhd and Virtue Court Sdn Bhd, third parties, of RM73,200,000, RM5,372,000 and RM Nil (2017: RM93,200,000 (Note 18 (e)), RM5,372,000 (Note 18 (g)), and RM226,000 (Note 18 (h)) respectively.

(c) Included in other payables is an amount of RM253,358,000 (2017: RM274,778,000) representing the proprietor's entitlement payable to Bukit Jalil Development Sdn Bhd, a third party, pursuant to the Joint Development Agreement dated 16 March 2010 and Supplemental Agreement dated 3 July 2012 as disclosed in Note 18 (f). As of 30 June 2018, an amount payable to the said third party of RM97,758,000 (2017: RM170,202,000) is classified as non-current as the amount is due after the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

33. DIVIDENDS

	The Group and The Company 2018 RM'000	The Group and The Company 2017 RM'000
Declared to the equity holders of the Company:		
First and final single-tier dividend of 2.5 sen per share (2017: First and final single-tier dividend of 2.5 sen per share)	13,200	11,211

The directors have proposed a first and final single-tier dividend of 2.0 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 2019.

34. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed deposits with licensed banks	38,612	9,915	2,230	2,230
Cash and bank balances (Note 24)	122,757	73,033	11,416	586
Bank overdrafts (Note 30)	(21,345)	(28,055)	(4,958)	(4,964)
	140,024	54,893	8,688	(2,148)
Less: Non cash and cash equivalents: Fixed deposits pledged to licensed banks	(38,612)	(9,915)	(2,230)	(2,230)
	101,412	44,978	6,458	(4,378)

Included in fixed deposits with licensed banks of the Group and of the Company is an amount of RM38,612,000 (2017: RM9,915,000) and RM2,230,000 (2017: 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 2.95% to 3.35% (2017: 2.85% to 3.35%) per annum. The fixed deposits have a maturity period of 1 to 365 days (2017: 1 to 365 days).

35. CAPITAL COMMITMENT

	The Group 2018 RM'000	The Group 2017 RM'000
Approved and contracted for:		
Investment property	554	28,733

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.

2018	Property development RM'000	Construction contracts RM'000	Property trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	401,967	384,730	29,417	2,659	-	818,773
Inter-segment sales	-	307,386	-	32,446	(339,832)	-
	401,967	692,116	29,417	35,105	(339,832)	818,773
Results						
Segment results	25,773	34,910	6,895	9,779	11,802	89,159
Distribution income on short-term funds and interest income						5,412
Finance costs						(13,780)
Share in results of associated companies						-
Profit before tax						80,791
Income tax expense						(29,703)
Profit for the year						51,088
Attributable to:						
Owners of the Company						51,921
Non-controlling interests						(833)
						51,088

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

36. SEGMENTAL REPORTING (Cont'd)

2018	Property development RM'000	Construction contracts RM'000	Property trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets						
Segment assets	2,046,204	806,170	111,554	1,372,853	(1,726,568)	2,610,213
Unallocated assets						8,007
						2,618,220
Liabilities						
Segment liabilities	1,408,422	583,902	52,066	1,062,302	(1,611,700)	1,494,992
Unallocated liabilities						78,912
						1,573,904
Other information						
Capital expenditure	1,177	5,855	-	143	-	7,175
Depreciation of property, plant and equipment	1,565	2,010	-	697	-	4,272
Impairment of investment in subsidiary companies	-	-	-	11,343	(11,343)	-

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

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
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

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 2017.

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 2018.

The Group is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

37. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

Gearing ratio

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

	The Group	
	2018 RM'000	2017 RM'000
Total debts	538,340	600,912
Cash and bank balances	(122,757)	(73,033)
Net debts	415,583	527,879
Equity	909,149	870,142
Debt to equity ratio	45.71%	60.67%

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

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

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.

Categories of Financial Instruments

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial assets				
Fixed deposits with licensed banks	38,612	9,915	2,230	2,230
Cash and bank balances	122,757	73,033	11,416	586
Loans and receivables - At amortised cost				
Trade receivables	190,317	164,393	112	74
Other receivables	117,252	352,597	753	596
Amount owing by subsidiary companies	-	-	158,497	130,375
Available-for-sale				
Other investments	245	245	-	-
Short-term funds	1,508	1,530	1,461	1,427

(Forward)

37. FINANCIAL INSTRUMENTS (Cont'd)

(i) Capital Risk Management (Cont'd)

Categories of Financial Instruments (Cont'd)

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other financial liabilities - At amortised cost				
Trade payables	508,970	415,529	-	-
Other payables and accrued expenses	447,422	423,560	5,169	5,919
Amount owing to subsidiary companies	-	-	453	104
Bank borrowings	530,186	592,013	124,958	66,964
Redeemable preference shares	3,000	3,000	-	-
Hire-purchase payables	5,154	5,899	174	511

(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.

(a) Foreign Currency Risk Management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign exchange rate risk is minimal and mainly through its other investments in unquoted shares outside Malaysia.

(b) Interest Rate Risk Management

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings.

The carrying amounts, the range of applicable interest rates during the year and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk are disclosed in Note 30.

37. FINANCIAL INSTRUMENTS (Cont'd)

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

(b) Interest Rate Risk Management (Cont'd)

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

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the financial year ended 30 June 2018 would decrease/increase by RM2,015,000 (2017: RM2,250,000). 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.

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.

37. FINANCIAL INSTRUMENTS (Cont'd)

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

(d) Liquidity Risk Management

The Group and the Company seek to invest cash assets safely and profitably. The Group and the Company also seek to control credit risk by setting counterparty limits and ensuring that sale of goods and services are made to customers with an appropriate credit history, and monitoring customers' financial standing through periodic credit review and credit checks at point of sales. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group and the Company may be required to pay.

	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						
2018						
Non-interest bearing instruments	-	960,658	-	3,000	-	963,658
Hire-purchase payables	4.69	2,900	1,543	1,069	-	5,512
Variable interest rate instruments	6.32	547,414	40,069	20,205	-	607,688
The Company						
2018						
Non-interest bearing instruments	-	5,725	-	-	-	5,725
Hire-purchase payables	4.37	177	-	-	-	177
Variable interest rate instruments	8.35	135,455	-	-	-	135,455
Financial guarantee*	-	-	-	-	-	-

(Forward)

37. FINANCIAL INSTRUMENTS (Cont'd)

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

(d) Liquidity Risk Management (Cont'd)

The Group	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
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*	-	-	-	-	-	-

* 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 and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

(iii) Fair Value of Financial Instruments

(a) The carrying amounts of current financial assets and financial liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date. The fair value of long-term financial assets and financial liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between fair values and carrying values of these assets and liabilities as at the end of the reporting period.

37. FINANCIAL INSTRUMENTS (Cont'd)

(iii) Fair Value of Financial Instruments (Cont'd)

(b) Fair value hierarchy

As at the end of the reporting period, the Group and the Company held the following financial instruments carried at fair values in the statements of financial position:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Level 2				
Available-for-sale financial assets:				
Short-term funds #	1,508	1,530	1,461	1,427
Other investments ^	245	245	-	-

\# The fair values of investments in unit trust funds are valued using the net asset value of the investment funds.

^ The fair values of unquoted investment in transferable golf and country club memberships are determined by reference to recent market transactions of identical assets.

38. CORPORATE GUARANTEES

	The Company	
	2018 RM'000	2017 RM'000
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	417,376	537,194
Corporate guarantee given to contractors/suppliers of subsidiary companies	7,320	4,166
	424,696	541,360

The total amount of corporate guarantees provided by the Company to financial institutions for the credit facilities granted to subsidiary companies amounted to RM417,376,000 (2017: RM537,194,000). 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

In accordance with the transitional provision of Disclosure Initiative (Amendment to FRS 107) for reconciliation of movement of liabilities to cash flows arising from financing activities, comparative information is not required for preceding period.

The table below details the reconciliation of the opening and closing amounts in the statements of financial position of the Group and the Company for each liability for which cash flows have been, or would be, classified as financing activities in the statements of cash flows of the Group and the Company:

	As at 1.7.2017 RM'000	Drawdown RM'000	Repayment RM'000	As at 30.6.2018 RM'000
The Group				
Bank borrowings (Note 30)	592,013	223,795	(285,622)	530,186
Hire-purchase payables (Note 31)	5,899	1,729	(2,474)	5,154
The Company				
Bank borrowings (Note 30)	66,964	60,000	(2,006)	124,958
Hire-purchase payables (Note 31)	511	-	(337)	174

40. SUBSEQUENT EVENTS

(i) On 8 August 2018, Pioneer Haven Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had formally invited Pavilion Real Estate Investment Trust ("Pavilion REIT") to participate in the ownership of an on-going development comprising one block of retail mall with five (5) levels of retail spaces and two (2) levels of basement parking to be provisionally known as Pavilion Bukit Jalil.

Pavilion REIT had on 13 August 2018 accepted the offer and both parties shall enter into a non-disclosure agreement to commence due diligence, discussions on method of participation and negotiate relevant terms and conditions.

(ii) On 1 October 2018, the Company together with Nan Hai Corporation Limited ("Nan Hai"), had jointly submitted a bid to the Taipei City auhorities for the construction of the superstructure above the airport express train station located near the Taipei main train station ("Project"). The Project involves the development of a landmark high rise multipurpose complex comprising hotel, retail, and prime office space above the airport express train station that has a base area of approximately 31,700 square meters. This complex will have direct access to the Taipei City Station at the express rail service to the Taoyuan International Airport. Nan Hai holds 80% interest in the bid while the Company holds the remaining 20% interest. The above-mentioned bid is subject to approval which may or may not be successful and announcement on the status of the bid will be made accordingly.

STATEMENT BY DIRECTORS

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 2018 and of their financial performance and their cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the directors,

LIM SIEW FAI

CHUA THIAN TECK

Kuala Lumpur
23 October 2018

DECLARATION BY THE DIRECTOR PRIMARILY 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, 2018.

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 2018 RM'000	Date of acquisition/ revaluation*
Geran 36409, Lot No. 3783, Mukim and Daerah Klang Selangor	Freehold	387.74 acres	4.63 acres	Proposed mixed development	4,892	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	28,730	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 Geran No. 31299 Lot 4294 Geran No. 31300 Lot 4295 Geran No. 31301 Lot 4296 Mukim Cheras District of Ulu Langat Selangor						30.6.2007
HS(D) 808 & 809 Lot 19 & 20 Mukim of Hulu Terengganu	Leasehold expiring on 15.9.2061	108.49 acres	108.49 acres	Proposed mixed Development	3,491	27.7.2002

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 2018 RM'000	Date of acquisition/ revaluation*
HS(D) 177909, PT4 Seksyen 27 Bandar Petaling Jaya Daerah Petaling Selangor	Leasehold expiring on 18.08.2101	0.67 acres	0.67 acres	Proposed commercial development	10,631	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	176,340	10.11.2011

Net book value of the development properties are stated at Group land cost together with the related development expenditure incurred to the ongoing and remaining unsold properties.

** Date of valuation*

GROUP PROPERTIES
(cont'd)

INVESTMENT PROPERTIES

Location	Tenure	Approximate age of the building year	Net lettable area Sq. Ft	Usage	Net book value as at 30 June 2018 RM'000	Date of acquisition/ revaluation*
Mezzanine Floor Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	34	7,631.62	Office	5,600	30.6.2018*
Level 6 Menara Goldstone (Holiday Inn Express) Jalan Raja Chulan Kuala Lumpur	Freehold	34	8,976.00	Office	6,560	30.6.2018*
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	126,689	29.5.2015
Unit 2-111A, 2nd Floor, Endah Parade Shopping Mall, Bukit Jalil Kuala Lumpur	Leasehold expiring on 19.2.2083	19	462.00	Retail	130	30.6.2018*
4th Floor, Wisma Techna, No.18A Section 51A/223 46100 Petaling Jaya Selangor	Leasehold expiring on 8.9.2067	20	20,342.00	Office	7,400	30.6.2018*
15th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	17	12,989.00	Office	7,500	30.6.2018*
20th Floor, Menara Liberty, 1008 Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	17	10,060.00	Office	8,000	30.6.2018*
21st & 22nd Floor Menara Liberty 1008, Jalan Sultan Ismail Kuala Lumpur	Leasehold expiring on 6.2.2078	17	21,673.00	Office	12,000	30.6.2018*
L12-21, L12-22, L12-23, Wangsa 118 Jalan Wangsa Delima Wangsa Maju Kuala Lumpur	Leasehold expiring on 19.4.2104	3	8,839.00	Office	4,680	30.6.2018*

* *Date of valuation*

STATEMENT OF SHAREHOLDERS

ORDINARY SHARES AS AT 28 SEPTEMBER 2018

Share Capital	:	RM528,552,632 divided into 528,140,541 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

Size of Shareholdings	No of Holders	Total Holdings	%
Less than 100	51	1,665	#
100 to 1,000	1,597	1,394,837	0.26
1,001 to 10,000	4,931	26,514,098	5.02
10,001 to 100,000	2,716	90,368,854	17.11
100,001 to less than 26,407,027*	459	251,377,593	47.60
26,407,027* and above	3	158,483,494	30.01
	9,757	528,140,541	100.00

Negligible
* 5% of the Share Capital

SUBSTANTIAL SHAREHOLDERS AS AT 28 SEPTEMBER 2018

	Direct Interest		Deemed Interest	
Names	No of Shares	%	No of Shares	%
Malton Corporation Sdn Bhd	197,531,489	37.40	-	-
Tan Sri Lim Siew Choon	-	-	197,531,489*	37.40
Puan Sri Tan Kewi Yong	-	-	197,531,489*	37.40

DIRECT AND DEEMED INTEREST OF DIRECTORS IN THE ORDINARY SHARES OF MALTON BERHAD AS AT 28 SEPTEMBER 2018

	Direct Interest		Deemed Interest	
Names	No of Shares	%	No of Shares	%
Tan Sri Lim Siew Choon	-	-	197,531,489*	37.40
Guido Paul Philip Joseph Ravelli	-	-	-	-
Lim Siew Fai	300,000	0.05	-	-
Puan Sri Tan Kewi Yong	-	-	197,531,489*	37.40
Chua Thian Teck	-	-	-	-
Hong Lay Chuan	-	-	-	-
Hj Ahmad bin Hj Ismail, PJK	-	-	-	-
Dato' Siew Mun Wai	-	-	-	-

* held via Malton Corporation Sdn Bhd

STATEMENT OF SHAREHOLDERS
(cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 28 SEPTEMBER 2018

	Names	No of Shares	%
1.	HSBC Nominees (Tempatan) Sdn Bhd (Exempt AN for Credit Suisse)	62,500,000	11.83
2.	RHB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Malton Corporation Sdn Bhd)	56,683,494	10.73
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Malton Corporation Sdn Bhd)	39,300,000	7.44
4.	Maybank Nominees (Tempatan) Sdn Bhd (Kuwait Finance House (Malaysia) Berhad for Malton Corporation Sdn Bhd)	20,000,000	3.79
5.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Malton Corporation Sdn Bhd)	19,000,000	3.60
6.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Prinsip Waras Sdn Bhd)	18,600,000	3.52
7.	Maybank Nominees (Tempatan) Sdn Bhd (MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund)	9,912,000	1.88
8.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt AN for UOB Kay Hian Pte Ltd)	5,695,000	1.08
9.	LTK (Melaka) Sdn Bhd	5,299,500	1.00
10.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc)	4,508,100	0.85
11.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for Dimensional Emerging Markets Value Fund)	4,504,200	0.85
12.	Ambank (M) Berhad (Pledged securities account for Lim Heng Han)	4,057,300	0.77
13.	Ooi Chieng Sim	3,379,400	0.64
14.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for DFA Emerging Markets Small Cap Series)	2,905,400	0.55
15.	CIMB Islamic Nominees (Tempatan) Sdn Bhd (CIMB-Principal Islamic Asset Management Sdn Bhd for Lembaga Tabung Haji)	2,698,800	0.51
16.	Tan Teck Loong	2,601,500	0.49
17.	Heng Song Khoon	2,505,000	0.47
18.	DB (Malaysia) Nominee (Asing) Sdn Bhd (SSBT Fund SD4N for Government of The Province of Alberta)	2,405,800	0.46

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES AS AT 28 SEPTEMBER 2018 (Cont'd)

	Names	No of Shares	%
19.	Yeoh Phek Leng	2,284,000	0.43
20.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Yeo Guo Bin)	2,200,000	0.42
21.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Foo Loke Fu)	2,150,000	0.41
22.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged securities account for Chee Chi Vun)	2,005,000	0.38
23.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust)	2,000,000	0.38
24.	Lim Tai Soon	1,964,000	0.37
25.	Lee Ah Beng	1,826,900	0.35
26.	Seng Siaw Wei	1,700,000	0.32
27.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for The Hongkong and Shanghai Banking Corporation Limited)	1,595,000	0.30
28.	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lee Kim Hooi)	1,509,000	0.29
29.	Tan Kok	1,466,700	0.28
30.	Tan Kok	1,388,000	0.26
	TOTAL	288,644,094	54.65

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third 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 Friday, 23 November 2018 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 2018 together with the Directors' Report and Report of the Auditors thereon

2. To approve first and final single-tier dividend of 2.0 sen for every ordinary share of the Company in respect of the financial year ended 30 June 2018 — Ordinary Resolution 1

3. To approve the directors' fees, allowances and benefits payable to non-executive directors as set out in the explanatory note for the period from 1 July 2018 until the next Annual General Meeting ("AGM") of the Company — Ordinary Resolution 2

4. To re-elect Tan Sri Lim Siew Choon who retires by rotation pursuant to Article 100 of the Company's Constitution and being eligible, offered himself for re-election — Ordinary Resolution 3

5. To re-elect Puan Sri Tan Kewi Yong who retires by rotation pursuant to Article 100 of the Company's Constitution and being eligible, offered herself for re-election — Ordinary Resolution 4

6. To re-elect Dato' Siew Mun Wai who retires pursuant to Article 103 of the Company's Constitution and being eligible, offered himself for re-election — Ordinary Resolution 5

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 AGM of the Company and to authorise the Directors to fix their remuneration — Ordinary Resolution 6

SPECIAL BUSINESS

8. Authority to allot and issue shares — Ordinary Resolution 7

   "THAT pursuant to Section 75 and 76 of the Companies Act, 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main Market Listing Requirements") and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby empowered to allot and issue new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total share capital of the Company for the time being AND THAT the Directors be and are also empowered to seek the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

9. Proposed Renewal of Authority for Share Buy Back — Ordinary Resolution 8

"THAT, subject to the Act, the Constitution of the Company, the Main Market Listing Requirements and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to allocate an amount not exceeding the retained earnings of the Company available for the purpose of and to purchase such amount of ordinary shares in the Company ("Proposed Renewal of Authority for Share Buy Back") as may be determined by the Directors provided that the aggregate number of shares purchased and/or held as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the total share capital of the Company at the time of purchase.

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the said shares in the following manner:-

(i) cancel the shares so purchased; or
(ii) retain the shares so purchased as treasury shares; or
(iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
(iv) to resell the treasury shares on the Bursa Securities and/or distribute the treasury shares as dividends to the Company's shareholders and/or subsequently cancel the treasury shares or combination of the three;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force.

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution until:

(i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever is the earliest and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things deem fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of Authority for Share Buy Back contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

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 9

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to recurrent related party transactions of a revenue or trading nature and with 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 2018 which are necessary for the Group's day-to-day operations subject to the following:-

(a) the transactions are in the ordinary course of business and are carried out at arm's length basis on normal commercial terms of Malton Group (Malton and its subsidiaries) and on terms not more favourable to the related parties than those generally available to the public where applicable and not to the detriment of the minority shareholders; and

(b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the renewal of shareholders' mandate during the financial year based on the following information:-

(i) the type of the recurrent related party transactions made; and
(ii) the names of the related parties involved in the recurrent related party transactions made and their relationship with the Company.

(c) and such approval shall be in force immediately upon passing of this resolution until:

(i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earliest and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

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 — 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 and with related parties in respect of construction related services and project management services as stated in Section 3.4 of the Circular to Shareholders dated 31 October 2018 which are necessary for the Group's day-to-day operations subject to the following:-

(a) the transactions are in the ordinary course of business and are carried out at arm's length basis on normal commercial terms of Malton Group (Malton and its subsidiaries) and on terms not more favourable to the related parties than those generally available to the public where applicable and not to the detriment of the minority shareholders; and

(b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the renewal of shareholders' mandate during the financial year based on the following information:-

(i) the type of the recurrent related party transactions made; and
(ii) the names of the related parties involved in the recurrent related party transactions made and their relationship with the Company.

(c) and such approval shall be in force immediately upon passing of this resolution until:

(i) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earliest and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

BY ORDER OF THE BOARD

HOR SHIOW JEI
Company Secretary

Kuala Lumpur
Dated: 31 October 2018

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

Notes:

1. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements, all of the resolutions set out in this Notice shall be put to vote by poll.

2. A member of the Company, entitled to attend and vote, is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, he shall specify in the instrument appointing the proxies the proportions of his shareholdings to be represented by each proxy.

3. The proxy form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, executed under its common seal or by a duly authorised attorney.

4. All proxy forms must be deposited at the Registered Office at 19-0, Level 19, Pavilion Tower, 75, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.

5. Only members registered in the Record of Depositors as at 15 November 2018 shall be eligible to attend the Twenty-Third 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 2.0 sen for every ordinary share of the Company in respect of the financial year ended 30 June 2018, if approved by the shareholders of the Company at the Twenty-Third Annual General Meeting to be held on Friday, 23 November 2018, will be paid on Friday, 28 December 2018 to the shareholders of the Company whose names appear in the Record of Depositors at the close of business on Friday, 30 November 2018.

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 30 November 2018 in respect of ordinary transfers; and

(b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

HOR SHIOW JEI
Company Secretary

Kuala Lumpur
Dated: 31 October 2018

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS AND/OR SPECIAL BUSINESS

ORDINARY RESOLUTION 2

The proposed Ordinary Resolution 2 if passed, will facilitate the payment of Directors' fees, allowances and benefits payable to the non-executive directors of the Company as set out below.

Type of payment	RM
Directors' fees for each month	32,000
Meeting allowance for each meeting for each director	1,000
Benefits	Claimable expenses incurred in carrying out their duties as directors

ORDINARY RESOLUTION 7

Ordinary Resolution 7 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-Second AGM of the Company held on 22 November 2017 which will expire at the conclusion of the Twenty-Third AGM of the Company to be held on 23 November 2018.

As at 23 October 2018, the mandate obtained from the shareholders at the Twenty-Second AGM of the Company was not utilised, thus no proceeds were raised from this mandate.

ORDINARY RESOLUTION 8

The proposed Ordinary Resolution 8, if passed, will enable the Company to allocate an amount not exceeding the retained earnings of the Company available for the purchase of ordinary shares in the Company to be determined by the Directors of the Company provided that the aggregate number of shares purchased and/or held as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the total share capital of the Company at the time of purchase. This authority, unless revoked or varied by resolution passed by the shareholders of the Company at a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is earlier.

ORDINARY RESOLUTIONS 9 AND 10

The proposed Ordinary Resolutions 9 and 10, 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 2018 which are necessary for the Group's day-to-day operations. This authority, unless revoked or varied by resolution passed by the shareholders of the Company at a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is earlier.

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PROXY FORM

MALTON

MALTON BERHAD
(Company No. 320888-T)
(Incorporated in Malaysia)

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-Third Annual General Meeting of the Company to be held at Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 23 November 2018 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 2.0 sen for every ordinary share of the Company in respect of the financial year ended 30 June 2018		
Ordinary Resolution 2	To approve the directors' fees, allowances and benefits payable to non-executive directors as set out in the explanatory note for the period from 1 July 2018 until the next Annual General Meeting ("AGM") of the Company		
Ordinary Resolution 3	To re-elect Tan Sri Lim Siew Choon who retires by rotation pursuant to Article 100 of the Company's Constitution and being eligible, offered himself for re-election		
Ordinary Resolution 4	To re-elect Puan Sri Tan Kewi Yong who retires by rotation pursuant to Article 100 of the Company's Constitution and being eligible, offered herself for re-election		
Ordinary Resolution 5	To re-elect Dato' Siew Mun Wai who retires pursuant to Article 103 of the Company's Constitution and being eligible, offered himself for re-election		
Ordinary Resolution 6	To re-appoint Deloitte PLT who have indicated their willingness, as Auditors of the Company, and to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 7	Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 8	Proposed Renewal of Authority for Share Buy Back		
Ordinary Resolution 9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Sale of Trading Stock Properties		
Ordinary Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature in respect of Construction Related Services and Project Management Services		

Please indicate with an "X" in the relevant boxes for each resolution. Unless voting instructions are indicated as above, the proxy may abstain from voting as he/she deems fit.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No of shares	%
Proxy 1		
Proxy 2		

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

Date:

Notes:

1. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all of the resolutions set out in this Notice shall be put to vote by poll.
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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

MALTON

www.malton.com.my

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19-0, Level 19, Pavilion Tower
75, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Tel No. : 03-2088 2888
Fax No. : 03-2088 2999