REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2017

CORPORATE INFORMATION

Registered Office

Wisma KSL, No. 148
Batu 1 ½, Jalan Buloh Kasap
85000 Segamat
Johor Darul Ta'zim

Principal Place of Business

Wisma KSL, No. 148
Batu 1 ½, Jalan Buloh Kasap
85000 Segamat
Johor Darul Ta'zim

Company Secretary

Leong Siew Foong (MAICSA 7007572)

Auditors

ECOVIS AHL PLT
(LLP0003185-LCA) & (AF 001825)
No. 54, Jalan Kempas Utama 2/2
Taman Kempas Utama
81200 Johor Bahru
Johor Darul Ta'zim

Principal Bankers

AmBank (M) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year attributable to owners of the Company	220,571,981	80,857,926

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

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

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

There was no issue of shares or debentures by the Company during the financial year.

SHARE BUY-BACK

During the financial year, the Company has repurchased 4,368,900 (2016: 141,700) of its issued ordinary shares from the open market for a total consideration of RM5,470,464 (2016: RM158,324). The average price paid for the shares repurchased was RM1.25 (2016: RM1.12) per share.

The repurchase transactions were funded by internally generated funds. The shares repurchased are held as treasury shares.

As at 31 December 2017, the Company held 12,286,400 issued ordinary shares as treasury shares out of its total issued and paid-up share capital of 1,037,508,399 shares. Such treasury shares are held at a carrying amount of RM16,890,762. Further information is disclosed in Note 13 to the financial statements.

DIRECTORS' REPORT *(Cont'd)*

OPTIONS

No option has been granted during the financial year covered by the Statements of Profit or Loss and Other Comprehensive Income to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The directors who served during the financial year up to the date of this report are: -

Khoo Cheng Hai @ Ku Cheng Hai
Ku Hwa Seng
Ku Tien Sek
Lee Chye Tee
Gow Kow
Goh Tyau Soon
Tey Ping Cheng

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit, other than a benefit included in the aggregate amount of fees and emoluments received or due and receivable by the directors from the Company, or the fixed salary of a full time employee of the Company as disclosed in the financial statements, by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than certain directors who have substantial financial interests in companies which traded with the Company in the ordinary course of business.

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests of directors in office at the end of the financial year in the shares of the Company during the financial year are as follows: -

	<------ Number of ordinary shares of RM0.50 each ------>			
	As at 1.1.2017	**Acquired**	**Disposed**	**As at 31.12.2017**
Company				
Direct interest				
Khoo Cheng Hai @ Ku Cheng Hai	84,394,051	-	-	84,394,051
Ku Hwa Seng	80,889,521	-	-	80,889,521
Ku Tien Sek	53,818,457	-	-	53,818,457
Indirect interest (+)				
Khoo Cheng Hai @ Ku Cheng Hai	3,967,680	853,400	-	4,821,080

DIRECTORS' REPORT *(Cont'd)*

DIRECTORS' INTERESTS *(Cont'd)*

	<------- Number of ordinary shares of RM0.50 each -------->			
	As at 1.1.2017	**Acquired**	**Disposed**	**As at 31.12.2017**
Deemed interest (#)				
Khoo Cheng Hai @ Ku Cheng Hai	323,546,642	-	-	323,546,642
Ku Hwa Seng	323,546,642	-	-	323,546,642
Ku Tien Sek	323,546,642	-	-	323,546,642

\+ By virtue of his children's direct shareholding
# Held through Premiere Sector Sdn. Bhd.

By virtue of their interests in the shares of the Company, Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng and Ku Tien Sek are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

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

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in Note 30 to the financial statements.

OTHER STATUTORY INFORMATION

(a) The directors, before the Statements of Profit or Loss and Other Comprehensive Income and Statements of Financial Position of the Group and of the Company were prepared, took reasonable steps: -

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was necessary; and

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

(b) The directors are not aware of any circumstances, at the date of this report, which would render: -

(i) the amount written off for bad debts or to providing of allowance for doubtful debts in respect of the financial statements of the Group and of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT *(Cont'd)*

OTHER STATUTORY INFORMATION *(Cont'd)*

(e) As at the date of this report, there does not exist: -

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

(f) In the opinion of the directors: -

(i) no contingent liability 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 will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 22 to the financial statements.

AUDITORS

The auditors, ECOVIS AHL PLT, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

KHOO CHENG HAI @ KU CHENG HAI

LEE CHYE TEE

JOHOR BAHRU
Date: 28 March 2018

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, KHOO CHENG HAI @ KU CHENG HAI and LEE CHYE TEE, being two of the directors of KSL HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 120 to 175 are drawn up in accordance with Financial Reporting Standards and 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 31 December 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

KHOO CHENG HAI @ KU CHENG HAI

LEE CHYE TEE

JOHOR BAHRU
Date: 28 March 2018

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, LEE CHYE TEE, being the director primarily responsible for the financial management of KSL HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 120 to 175, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
LEE CHYE TEE at Johor Bahru in the state of Johor)
Darul Ta'zim on 28 March 2018)

LEE CHYE TEE

Before me,
Commissioner of Oath
Mohd Zulfakar Bin Sabri (J274)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

Opinion

We have audited the financial statements of KSL HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 of 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). 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.

For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined that there are no key audit matters to be communicated in respect of the audit of the separate financial statements of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD *(Cont'd)*
(Incorporated in Malaysia)

Key audit matter	How our audit addressed the key audit matter
Accounting for property development activities Related disclosures in the financial statements are included in the following notes: - Note 7, Property development costs, - Note 9, Accrued billings - Note 14, Progress billings - Note 18, Sales of development properties - Note 19, Property development costs The Group's result is significantly influenced by the results of property development activities. The amount of revenue and profit recognised on the sale of property development is dependent, inter alia, on the assessment of the percentage of completion by comparison to its gross development value (GDV) and budgeted costs. The recognition of property development revenue and property development costs are considered a key audit matter due to the determination of GDV and budgeted costs involve significant judgement by directors. The estimation of GDV and budgeted costs subject to vast experiences of project team and market behavior towards the development project.	Our audit procedures on the property development activities including an assessment on the project control, site visits and substantive testing of management positions against underlying documentation. We also analysed the differences with prior project estimates and assessed the consistency with the developments during the year. We verified that the claims and variation orders on these projects meet the recognition criteria and are valued accurately based on the architect's opinion or other supporting documentation. We challenged management's assumptions at the project in order to evaluate the reasonableness and consistency of the valuation in variation orders and claims with these projects and the final forecast project result. We also test the appropriateness in allocation of development costs to respective project, as well as the computation of attributable profit for each project. We considered the presentation and disclosure in respective notes are appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD *(Cont'd)*

(Incorporated in Malaysia)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	***External valuations***
Related disclosures in the financial statements are included in Note 5, fair value adjustment of investment property. Significant judgement is required by the directors in determining the fair value of the properties and for the purpose of our audit; we identified the valuation for investment properties as representing a key audit matter due to the significance of the estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuation assumptions, when aggregated, could result in material misstatement. The valuations were carried out annually by third party independent valuers engaged by the Group, and the models used to determine the fair values depends on the nature of the properties. The valuers take into account property specific current information such as the current tenancy agreements and rental income earned by the asset. They then apply assumptions in relation to capitalization rates and current market rent and growth, based on available market data and transactions, to arrive at a range of valuation outcomes, from which they derive a point estimate.	It was evident from our discussions with management and the valuers and our review of the valuation reports, we noted that the valuers have considered factors related to each property's individual characteristics and its overall quality, geographical location and desirability as a whole in arriving at the fair value. There was no evidence of management bias or influence on the valuers. We assessed the competence, capabilities and objectivity of the independent valuers, and verified their professional qualifications. In addition, we discussed the scope of their work with management to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We also considered other engagements which might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of any valuers in their performance of the valuations was compromised. ***Assumptions*** For certain properties revalued using the comparison method was valued by referrence to similar transactions with adjustments made for relevant differences in order to arrive at a common basis for comparison. We compare the fair values fo few samples of properties with the average values of several similar properties in and around the area. We found the comparisons to be with a reasonable range. For certain properties revalued by using the investment method, we tested a selection of data inputs underpinning the investment property valuation including rental income, tenancy schedules and square metre details, against appropriate supporting documentation. We found that the models used for the various properties were appropriate and the discount rates were comparable to the market.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD *(Cont'd)*
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and other 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 has 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 ISAs 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 basis of these financial statements.

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

(a) 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.

(b) 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD *(Cont'd)*
(Incorporated in Malaysia)

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(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.

(e) 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.

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

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

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

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

Other Matters

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

ECOVIS AHL PLT
AF 001825
Chartered Accountants

KHOR KENG LIEH
02733/07/2019 (J)
Chartered Accountant

JOHOR BAHRU

Date: 28 March 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	151,681,177	141,258,134	2	2
Land held for property development	4	759,541,893	700,551,512	-	-
Investment properties	5	789,038,543	740,940,784	-	-
Investment in subsidiaries	6	-	-	175,521,958	175,521,958
		1,700,261,613	1,582,750,430	175,521,960	175,521,960
CURRENT ASSETS					
Property development costs	7	465,176,403	357,268,260	-	-
Inventories	8	328,079,222	359,837,464	-	-
Trade and other receivables	9	224,944,216	501,669,914	385	385
Amount due by subsidiaries	10	-	-	750,741,086	665,045,356
Cash and bank balances	11	254,182,393	42,944,084	151,547	15,547
		1,272,382,234	1,261,719,722	750,893,018	665,061,288
TOTAL ASSETS		2,972,643,847	2,844,470,152	926,414,978	840,583,248
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	12	518,754,200	518,754,200	518,754,200	518,754,200
Reserves	13	2,048,093,003	1,832,991,486	367,058,245	291,670,783
TOTAL EQUITY		2,566,847,203	2,351,745,686	885,812,445	810,424,983
NON-CURRENT LIABILITIES					
Other payables	14	143,452,218	128,090,689	-	-
Loans and borrowings	15	42,789,350	68,975,741	-	-
Hire purchase payables	16	-	70,979	-	-
Deferred tax liabilities	17	37,216,125	36,962,039	-	-
		223,457,693	234,099,448	-	-

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

STATEMENTS OF FINANCIAL POSITION *(Cont'd)*
AS AT 31 DECEMBER 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
CURRENT LIABILITIES					
Trade and other payables	14	142,231,631	152,671,869	207,588	230,257
Amount due to subsidiaries	10	-	-	38,814,824	28,407,387
Loans and borrowings	15	26,941,680	90,093,634	-	-
Hire purchase payables	16	69,721	71,773	-	-
Current tax liabilities		13,095,919	15,787,742	1,580,121	1,520,621
		182,338,951	258,625,018	40,602,533	30,158,265
TOTAL LIABILITIES		405,796,644	492,724,466	40,602,533	30,158,265
TOTAL EQUITY AND LIABILITIES		2,972,643,847	2,844,470,152	926,414,978	840,583,248

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
REVENUE	18	697,503,528	689,061,503	66,387,000	34,530,000
COST OF SALES	19	(302,269,303)	(285,446,431)	-	-
GROSS PROFIT		395,234,225	403,615,072	66,387,000	34,530,000
ADD: OTHER INCOME	20	35,846,054	123,236,555	21,656,715	19,845,454
LESS: DISTRIBUTION EXPENSES		(39,478,886)	(25,253,970)	(5,775)	(8,052)
LESS: ADMINISTRATIVE EXPENSES		(106,352,913)	(105,599,730)	(1,094,005)	(1,127,391)
LESS: OTHER EXPENSES		(20,807)	(21,406)	-	-
LESS: FINANCE COSTS	21	(4,800,516)	(9,509,845)	(945,801)	(1,052,894)
PROFIT BEFORE TAX	22	280,427,157	386,466,676	85,998,134	52,187,117
INCOME TAX EXPENSE	23	(59,855,176)	(71,949,903)	(5,140,208)	(4,527,923)
PROFIT FOR THE YEAR		220,571,981	314,516,773	80,857,926	47,659,194
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		220,571,981	314,516,773	80,857,926	47,659,194
EARNINGS PER ORDINARY SHARE (SEN): - Basic	24	21.51	30.98		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	<---------- Attributable to owners of the Company					---------->	
	<---------------- Non-Distributable				---------------->	Distributable	
	Share capital (Note 12)	Share premium (Note 13)	Warrants reserve (Note 13)	Treasury shares (Note 13)	Revaluation reserve (Note 13)	Retained earnings (Note 13)	Total equity
Group	RM	RM	RM	RM	RM	RM	RM
At 1 January 2016	503,797,826	168,989,853	2,521,646	(11,261,974)	17,380,028	1,332,014,422	2,013,441,801
Revaluation deficit realised	-	-	-	-	885	(885)	-
Reversal of deferred tax arising from change in tax rate	-	-	-	-	20,237	-	20,237
Own shares: -							
- acquired	-	-	-	(158,324)	-	-	(158,324)
Issue of ordinary shares: -							
- exercise of warrants	14,956,374	11,490,471	(2,521,646)	-	-	-	23,925,199
Profit/Total comprehensive income for the year	-	-	-	-	-	314,516,773	314,516,773
At 31 December 2016	518,754,200	180,480,324	-	(11,420,298)	17,401,150	1,646,530,310	2,351,745,686

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

STATEMENTS OF CHANGES IN EQUITY *(Cont'd)*
FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Share capital (Note 12) RM	Share premium (Note 13) RM	Treasury shares (Note 13) RM	Revaluation reserve (Note 13) RM	Retained earnings (Note 13) RM	Total equity RM
	<---------- Attributable to owners of the Company				---------->	
	<------------- Non-Distributable			------------->	Distributable	
At 1 January 2017	518,754,200	180,480,324	(11,420,298)	17,401,150	1,646,530,310	2,351,745,686
Own shares: -						
- acquired	-	-	(5,470,464)	-	-	(5,470,464)
Profit/Total comprehensive income for the year	-	-	-	-	220,571,981	220,571,981
At 31 December 2017	518,754,200	180,480,324	(16,890,762)	17,401,150	1,867,102,291	2,566,847,203

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

STATEMENTS OF CHANGES IN EQUITY *(Cont'd)*
FOR THE YEAR ENDED 31 DECEMBER 2017

Company	<---- Non-Distributable			---->	Distributable	
	Share capital (Note 12) RM	Share premium (Note 13) RM	Warrants reserve (Note 13) RM	Treasury shares (Note 13) RM	Retained earnings (Note 13) RM	Total equity RM
At 1 January 2016	503,797,826	168,989,853	2,521,646	(11,261,974)	74,951,563	738,998,914
Own shares: - - acquired	-	-	-	(158,324)	-	(158,324)
Issue of ordinary shares: - - exercise of warrants	14,956,374	11,490,471	(2,521,646)	-	-	23,925,199
Profit/Total comprehensive income for the year	-	-	-	-	47,659,194	47,659,194
At 31 December 2016	518,754,200	180,480,324	-	(11,420,298)	122,610,757	810,424,983
Own shares: - - acquired	-	-	-	(5,470,464)	-	(5,470,464)
Profit/Total comprehensive income for the year	-	-	-	-	80,857,926	80,857,926
At 31 December 2017	518,754,200	180,480,324	-	(16,890,762)	203,468,683	885,812,445

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	280,427,157	386,466,676	85,998,134	52,187,117
Adjustments for: -				
Bad debts written off	-	170,461	-	-
Depreciation of property, plant and equipment	8,877,933	10,581,038	-	-
Loss on disposal of property, plant and equipment	849	223,255	-	-
Interest expenses	4,373,389	7,543,445	943,314	1,050,382
Property, plant and equipment written off	25	-	-	-
Provision for foreseeable loss realised	-	9,415,113	-	-
Fair value adjustment of investment properties	(18,632,000)	(112,720,691)	-	-
Interest income	(8,035,597)	(3,644,716)	(21,656,715)	(19,845,454)
Operating profit before working capital changes	267,011,756	298,034,581	65,284,733	33,392,045
Decrease/(Increase) in working capital				
Property development costs	(161,418,758)	(87,017,475)	-	-
Inventories	131,977,984	18,718,835	-	-
Trade and other receivables	182,374,903	(174,095,268)	-	(385)
Trade and other payables	(3,068,708)	21,403,236	(22,669)	(172,159)
Amount due by/(to) subsidiaries	-	-	(75,288,293)	11,408,397
Cash generated from/(used in) operations	416,877,177	77,043,909	(10,026,229)	44,627,898
Interest paid	(4,373,389)	(7,543,445)	(943,314)	(1,050,382)
Tax paid	(62,292,913)	(68,341,652)	(5,080,708)	(4,777,420)
Net cash from/(used in) operating activities	350,210,875	1,158,812	(16,050,251)	38,800,096
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investment in subsidiaries	-	-	-	(82,572,993)
Addition of land held for property development	(3,358,714)	(25,241,122)	-	-
Addition of investment properties	(29,465,759)	(1,624,712)	-	-
Purchase of property, plant and equipment (Note 25)	(19,302,301)	(11,565,588)	-	-
Proceeds from disposal of property, plant and equipment	451	54,811	-	-
Interest received	8,035,597	3,644,716	21,656,715	19,845,454
Net cash (used in)/from investing activities	(44,090,726)	(34,731,895)	21,656,715	(62,727,539)

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

STATEMENTS OF CASH FLOWS *(Cont'd)*
FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase of treasury shares	(5,470,464)	(158,324)	(5,470,464)	(158,324)
Proceeds from issuance of shares through exercise of warrants	-	23,925,199	-	23,925,198
Repayment of term loans	(30,194,391)	(24,303,308)	-	-
Drawdown of revolving credit	5,383,332	20,000,000	-	-
Repayment of revolving credit	(50,000,000)	-	-	-
Drawdown of bankers acceptances	-	17,850,000	-	-
Repayment of bankers acceptances	(5,500,000)	(23,450,000)	-	-
Repayment of hire purchase payables	(73,031)	(76,248)	-	-
Net cash (used in)/from financing activities	(85,854,554)	13,787,319	(5,470,464)	23,766,874
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	220,265,595	(19,785,764)	136,000	(160,569)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	33,916,798	53,702,562	15,547	176,116
CASH AND CASH EQUIVALENTS AT END OF YEAR	254,182,393	33,916,798	151,547	15,547
Cash and cash equivalents comprise the following: -				
Cash and bank balances (Note 11)	254,182,393	42,944,084	151,547	15,547
Bank overdraft (Note 15)	-	(9,027,286)	-	-
	254,182,393	33,916,798	151,547	15,547

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activities of the Company are those of investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Wisma KSL, No. 148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Ta'zim.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 March 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and comply with Financial Reporting Standards (FRSs) and the Companies Act, 2016 in Malaysia.

The financial statements are reported in Ringgit Malaysia, which is the Company's functional currency.

(b) Statement of compliance

The followings are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2014 – 2016 Cycle)
Amendments to FRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
Amendments to FRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with FRS 4 Insurance Contracts
FRS 9, Financial Instruments (2014)
Amendments to FRS 128, Investments in Associates and Joint Ventures (Annual Improvements 2014 – 2016 Cycle)
Amendments to FRS 140, Investment Property – Transfers of Investment Property

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(b) Statement of compliance *(Cont'd)*

FRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to FRS 10, Consolidated Financial Statements, and FRS 128, Investments in Associates and Joint Venture – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plans to apply the abovementioned standards, amendments and interpretations in the respective financial years when the above standards, amendments and interpretations become effective.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements of the Group upon their first adoption.

The Group has not applied the following standards and amendments (which are applicable upon adoption of MFRS framework) that have been issued by the MASB but are not yet effective.

Malaysian Financial Reporting Standard ("MFRS Framework")

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

Transitioning Entities ("TEs"), 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 ventures were given an option to continue with the Financial Reporting Standards ("FRS") Framework. However, early application is permitted.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018. The notice superceded previous notice issued on 2 September 2014 with the original effective date of 1 January 2017.

As a result, the effective date for TEs to apply the MFRS Framework will also be deferred to annual periods beginning on or after 1 January 2018.

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 31 December 2018, being the first set of financial statements prepared in accordance with the new MFRS framework. The main effects arising from the transition to MFRSs Framework are discussed below.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(b) Statement of compliance *(Cont'd)*

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 adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise 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 customers. In addition, extensive disclosures are required by MFRS 15.

The Group is currently performing a detailed analysis under MFRS 15 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

(c) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. Control is achieved when the Group:

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

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above.

When the Group has less than a majority of the voting rights but has rights that are sufficient to give it the practical ability to direct the relevant activities unilaterally, the Group considers all facts and circumstances in assessing whether or not the voting rights give it power, including:

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

Subsidiary companies are consolidated from the date on which the Group controls, and ceases from the date that control ceases. The financial results of the subsidiary companies are included in the consolidated financial statements from the date that control is obtained until the date that the Group loses control.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(c) Basis of consolidation *(Cont'd)*

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(c) Basis of consolidation *(Cont'd)*

(v) Associates *(Cont'd)*

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

- Joint operation

  A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

  An entity's shall recognise in relation to its interest in a joint operation:
  (a) its assets, including its share of any assets held jointly;
  (b) its liabilities, including its share of any liabilities incurred jointly;
  (c) its revenue from the sale of its share of the output arising from the joint operation;
  (d) its share of the revenue from the sale of the output by the joint operation; and
  (e) its expenses, including its share of any expenses incurred jointly.

  When the Group transacts with a joint operation (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, as such the gains and losses resulting from the transactions are recognised only to the extent of interests of other parties in the joint operation.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(c) Basis of consolidation *(Cont'd)*

(vi) Joint arrangements *(Cont'd)*

- Joint operation *(Cont'd)*

When the Group transacts with a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

- Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures.*

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(a) The structure of the joint arrangement;
(b) the legal form of joint arrangements structured through a separate vehicle;
(c) the contractual terms of the joint arrangement agreement; and
(d) any other facts and circumstances.

When there are changes in the facts and circumstances, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(c) Basis of consolidation *(Cont'd)*

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associate and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial instruments are classified in the following categories – financial instruments at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. Management determines the classification of financial instruments at initial recognition. The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(d) Financial instruments *(Cont'd)*

Financial assets *(Cont'd)*

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) 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 original or modified terms of a debt instrument.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(d) Financial instruments *(Cont'd)*

(iii) Financial guarantee contracts *(Cont'd)*

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount or which a property could be exchanged between knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(e) Property, plant and equipment *(Cont'd)*

(i) Recognition and measurement *(Cont'd)*

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within 'other income' and 'other expenses' respectively in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction is not depreciated until the assets are ready for their intended use.

The annual depreciation rates used for the current and comparative periods are as follows: -

	%
Buildings	2
Plant and machinery	10 - 20
Motor vehicles	20
Other assets	
- Office equipment	10 - 25
- Tele-communication equipment	10 - 20
- Renovation	10
- Sales office	10
- Site office	10
- Signboards	10
- Furniture and fittings	5 - 10
- Hotel equipment	20
- Food and beverage equipment	20

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(f) Leased asset

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(g) Goodwill

Goodwill which arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investees.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(h) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(h) Investment property *(Cont'd)*

(i) Investment property carried at fair value *(Cont'd)*

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

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

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

(i) Property development activities

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development cost

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(i) Property development activities *(Cont'd)*

(ii) Property development cost *(Cont'd)*

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including costs to be incurred over the defects liability year, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which are measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within current liabilities.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is determined using the first-in-first-out basis method. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition.

Inventories of completed development properties are stated at the lower of cost and net realisable value. Cost is measured based on specific identification basis, and includes costs of land and construction and appropriate development overheads.

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

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

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(l) Impairment

Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates and joint venture) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

Other assets

The carrying amounts of the other assets (except for inventories, amount due from contract customers, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(l) Impairment *(Cont'd)*

Other assets *(Cont'd)*

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purposes of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating unit) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(m) Equity instruments *(Cont'd)*

(ii) Repurchase, disposal and reissue of share capital (treasury shares) ***(Cont'd)***

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount to the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(n) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Revenue and other income

(i) Revenue from development property
Revenue from sales of development properties is recognised in the profit or loss by using the stage of completion method as described in Note 2(i).

(ii) Sales of land
Revenue relating to sale of land is recognised upon the transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of land.

(iii) Dividend income
Dividend income is recognised in profit or loss on the date the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Services
Revenue from car park management is recognised in profit or loss as and when the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(p) Revenue and other income *(Cont'd)*

(v) Rental income

Rental income from investment is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(vii) Hotel and food and beverage revenue

Hotel and food and beverage revenue represents the invoiced value of charges derived from the hotel and cafeteria operations less trade discounts.

(viii) Car park income

Car park income is accounted for on receipt and receivable basis.

(ix) Management fees

Management fees are recognised as when services are rendered.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing eligible for capitalisation.

(r) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any unutilised portion of a tax incentive that is not a tax base of an asset is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(t) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(v) Contingencies

(i) Contingent liabilities
Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets
Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statement of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(w) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or a liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Company recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(x) Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Valuation of investment properties

The fair value of investment property is arrived at by reference to market evidence of transaction prices for similar property or by considering the aggregate of the present value of the estimated cash flows expected to be received from renting out the property and is performed by registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

(ii) Revenue recognition on property development

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

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(iii) Deferred tax assets

Deferred tax assets are recognised for provision for foreseeable loss to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment 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) Classification between investment property and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(x) Use of estimates and judgments *(Cont'd)*

(v) Provision for foreseeable loss

The Group recognises a provision for foreseeable loss for affordable houses as required under FRSIC Consensus 17 Development of Affordable Housing. The provision for foreseeable loss for affordable houses represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchaser of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the master and building plans approved.

In determining the provision or foreseeable loss or affordable houses, judgements and assumptions are made by the Group on the structure and construction costs in constructing the affordable houses. In making those judgements, the Group evaluates the provisions based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

3. PROPERTY, PLANT AND EQUIPMENT

Group 2017 Cost	As at 1.1.2017 RM	Additions RM	Disposals/ Written off RM	As at 31.12.2017 RM
Freehold land and buildings-in-progress	15,902,601	16,537,090	-	32,439,691
Freehold land and building	134,131,888	-	-	134,131,888
Plant and machinery	6,434,512	1,323,010	-	7,757,522
Motor vehicles	8,819,410	479,276	(8,390)	9,290,296
Other assets	27,473,435	962,925	(17,360)	28,419,000
	192,761,846	19,302,301	(25,750)	212,038,397

Group 2017 Accumulated depreciation	As at 1.1.2017 RM	Charge for the year RM	Disposals/ Written off RM	As at 31.12.2017 RM
Buildings	25,444,241	5,879,368	-	31,323,609
Plant and machinery	1,838,971	668,625	-	2,507,596
Motor vehicles	6,196,363	421,408	(7,065)	6,610,706
Other assets	18,024,137	1,908,532	(17,360)	19,915,309
	51,503,712	8,877,933	(24,425)	60,357,220

Group 2016 Cost	As at 1.1.2016 RM	Additions RM	Disposals/ Written off RM	As at 31.12.2016 RM
Freehold land and buildings-in-progress	8,553,175	7,349,426	-	15,902,601
Freehold land and building	134,131,888	-	-	134,131,888
Plant and machinery	3,440,138	3,038,374	(44,000)	6,434,512
Motor vehicles	9,831,857	137,129	(1,149,576)	8,819,410
Other assets	26,213,776	1,259,659	-	27,473,435
	182,170,834	11,784,588	(1,193,576)	192,761,846

Group 2016 Accumulated depreciation	As at 1.1.2016 RM	Charge for the year RM	Disposals/ Written off RM	As at 31.12.2016 RM
Buildings	19,564,870	5,879,371	-	25,444,241
Plant and machinery	1,469,936	404,969	(35,934)	1,838,971
Motor vehicles	6,422,543	653,396	(879,576)	6,196,363
Other assets	14,380,835	3,643,302	-	18,024,137
	41,838,184	10,581,038	(915,510)	51,503,712

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

3. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

	2017 RM	2016 RM
Net carrying amount		
Freehold land and buildings-in-progress	32,439,691	15,902,601
Freehold land and building	102,808,279	108,687,647
Plant and machinery	5,249,926	4,595,541
Motor vehicles	2,679,590	2,623,047
Other assets	8,503,691	9,449,298
	151,681,177	141,258,134

Company **<u>2017</u>** **Cost**	As at 1.1.2017 RM	Additions RM	As at 31.12.2017 RM
Signboard	27,853	-	27,853

<u>2017</u> **Accumulated depreciation**	As at 1.1.2017 RM	Charge for the year RM	As at 31.12.2017 RM
Signboard	27,851	-	27,851

<u>2016</u> **Cost**	As at 1.1.2016 RM	Additions RM	As at 31.12.2016 RM
Signboard	27,853	-	27,853

<u>2016</u> **Accumulated depreciation**	As at 1.1.2016 RM	Charge for the year RM	As at 31.12.2016 RM
Signboard	27,851	-	27,851

	2017 RM	2016 RM
Net carrying amount		
Signboard	2	2

Property, plant and equipment of the Group at cost of RM14,469,373 (2016: RM13,441,560) are fully depreciated and still in use.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

4. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2017	**2016**
	RM	**RM**
Cost		
Cost At 1 January	700,551,512	731,663,810
Additions	3,358,714	25,241,122
Provision for foreseeable loss for affordable housing	7,990,000	-
Transfer from deposit for acquisition of land	94,350,795	-
Transfer from property development costs (Note 7)	-	8,316,314
Transfer to investment property (Note 5)	-	(49,371,595)
Transfer to property development costs (Note 7)	(46,709,128)	(15,298,139)
Carrying amount	759,541,893	700,551,512

Freehold land of the Group amounting to RM189,332,766 (2016: RM184,003,829) have been charged as security for loans and borrowings as referred to in Note 15.

5. INVESTMENT PROPERTIES

	Group	
	2017	**2016**
	RM	**RM**
At fair value		
At 1 January	740,940,784	641,223,786
Additions	29,465,759	1,624,712
Transfer from land held for property development (Note 4)	-	49,371,595
Transfer to property development costs (Note 7)	-	(64,000,000)
Fair value adjustments	18,632,000	112,720,691
	48,097,759	99,716,998
At 31 December	789,038,543	740,940,784

Investment properties with an aggregate carrying amount of RM588,535,759 (2016: RM81,070,000) are pledged as securities for loans and borrowings as referred to in Note 15.

Investment properties comprise a number of freehold shop houses and commercial properties leased to third parties.

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

	Group	
	2017	**2016**
	RM	**RM**
Rental income	85,726,114	84,780,160
Direct operating expenses - income generating investment property	(13,012,227)	(12,961,186)
- non-income generating investment property	(3,053)	(3,151)

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

5. INVESTMENT PROPERTIES *(Cont'd)*

The fair values of the investment properties were based on indicative valuation by registered valuers having appropriate recognised professional qualification as follows:

(a) RM256,782,000 (2016: RM256,450,000) arrived at by reference to transaction prices for similar properties.

(b) RM502,790,784 (2016: RM484,490,784) determined by considering the aggregate of the present value of the estimated cash flows expected to be received from renting out the property using yield rates range from 7% to 9% (2016: 7% to 9%) and weighted average rate at 8% (2017: 8%). The higher the discount rate, the lower the fair value.

(c) RM29,465,759 (2016: Nil) measured at cost because the fair value of the properties under construction is not yet determinable as of 31 December 2017. The fair value of the property is expected to be reliably determinable when construction is complete.

Fair value of investment properties are categorised as Level 3 as described in Note 2(w) to the financial statements.

6. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM	Company 2016 RM
At cost		
Unqouted shares	175,521,958	175,521,958

Details of the subsidiaries are as follows: -

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2017	Effective ownership interest 2016
Bintang-Bintang Development Sdn Bhd	Malaysia	Property investment and development	100%	100%
Bintang-Bintang Enterprise Sdn Bhd	Malaysia	Property development	100%	100%
Clarion Housing Development Sdn Bhd	Malaysia	Property investment	100%	100%
Eversonic Sdn Bhd	Malaysia	Property investment and development	100%	100%
Exportex Sdn Bhd	Malaysia	Property development	100%	100%
Goodpark Development Sdn Bhd	Malaysia	Property development	100%	100%
Harapan Terang Sdn Bhd	Malaysia	Property development	100%	100%
Harapan Terang Properties Sdn Bhd	Malaysia	Property development	100%	100%

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

6. INVESTMENT IN SUBSIDIARIES *(Cont'd)*

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2017	2016
Harapan Terang Realty Sdn Bhd	Malaysia	Property development	100%	100%
Khoo Soon Lee Realty Sdn Bhd	Malaysia	Property investment and development	100%	100%
KSL Medini Development Sdn Bhd	Malaysia	Property development	100%	100%
KSL City Management Sdn Bhd (formerly known as KSL Cekap Bina Sdn Bhd)	Malaysia	Dormant	100%	100%
KSL Perfect Builder Sdn Bhd	Malaysia	Property investment	100%	100%
KSL Properties Construction Sdn Bhd	Malaysia	Dormant	100%	100%
KSL Properties Sdn Bhd	Malaysia	Property investment, development and hotel operations	100%	100%
KSL Properties Management Sdn Bhd	Malaysia	Car park operations and property management services	100%	100%
Prosper Plus Industry Sdn Bhd	Malaysia	Property development	100%	100%
Sejota Sdn Bhd	Malaysia	Property development	100%	100%
Sering Cemerlang Sdn Bhd	Malaysia	Dormant	100%	100%
Sure Success Properties Sdn Bhd	Malaysia	Property investment and hotel operations	100%	100%
Tai Lik Development (Batu Anam) Sdn Bhd	Malaysia	Property development	100%	100%
Villa Bestari Sdn Bhd	Malaysia	Dormant	100%	100%
VIP Beyond Sdn Bhd	Malaysia	Property development	100%	100%
Held through subsidiary:				
KSL Development * Sdn Bhd	Malaysia	Property investment and development	100%	100%
Gantang Jaya Sdn Bhd **	Malaysia	Property development	100%	100%

* Subsidiary of Harapan Terang Sdn. Bhd.
** Subsidiary of KSL Perfect Builder Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

7. PROPERTY DEVELOPMENT COSTS

	Group 2017 RM	2016 RM
At 1 January: -		
- Freehold land	116,174,845	77,937,081
- Development expenditure	321,983,486	454,085,782
	438,158,331	532,022,863
Add:		
Cost incurred during the financial year		
- Leasehold land	4,700,131	-
- Development expenditure	286,209,611	304,505,106
	290,909,742	304,505,106
Less:		
Cumulative costs charged to statements of profit or loss:		
As at 1 January	(83,384,759)	(132,552,442)
- Recognised during the financial year (Note 19)	(129,490,986)	(217,487,631)
	(212,875,745)	(350,040,073)
Transfer from investment properties (Note 5)	-	64,000,000
Transfer from land held for property development (Note 4)	43,403,424	15,298,139
Transfer to inventories	(98,467,830)	(202,696,149)
Transfer to land held for property development (Note 4)	-	(8,316,314)
	(55,064,406)	(131,714,324)
Provision for foresseable loss of affordable housing		
As at 1 January	2,494,688	15,132,201
- Transfer from land held for property development (Note 4)	3,305,704	-
- Recognised during the financial year (Note 19)	-	(9,415,113)
- Transfer to inventories	(1,751,911)	(3,222,400)
	4,048,481	2,494,688
At 31 December	465,176,403	357,268,260

Included in the development expenditure of the Group are following expenses capitalised during the financial year:

	2017 RM	2016 RM
Interest expenses	155,930	204,690
Rental of machinery	6,927,101	4,329,338

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

8. INVENTORIES

	Group 2017 RM	Group 2016 RM
Food and beverages	283,507	281,249
General and operating supplies	272,338	376,180
Properties held for sale	327,523,377	359,180,035
	328,079,222	359,837,464

9. TRADE AND OTHER RECEIVABLES

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Trade receivables	76,052,451	345,672,763	-	-
Other receivables: -				
Accrued billings in respect of property development costs	133,907,778	52,360,140	-	-
Acquisition of land	4,360,373	94,193,796	-	-
Sundry receivables	5,142,111	4,343,804	-	-
Sundry deposits	5,157,332	4,837,682	-	-
Prepayments	324,171	261,729	385	385
	148,891,765	155,997,151	385	385
	224,944,216	501,669,914	385	385

Further information for trade receivables is disclosed in Note 27(c) to the financial statements.

10. AMOUNT DUE BY/(TO) SUBSIDIARIES

The amounts due by/(to) subsidiaries are unsecured advances, bear interest at average of 3.08% (2016: 3.12%) per annum and are repayable on demand.

11. CASH AND BANK BALANCES

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Deposits placed with licensed banks	102,423,841	5,000,000	-	-
Short-term investment	40,000,000	-	-	-
Cash and bank balances	111,758,552	37,944,084	151,547	15,547
	254,182,393	42,944,084	151,547	15,547

Included in cash at bank of the Company is amount of RM11,852,556 (2016: RM11,304,983) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

12. SHARE CAPITAL

	Group and Company			
	2017 Number	2017 RM	2016 Number	2016 RM
Ordinary shares of RM1 each: -				
Authorised: -				
At 1 January/31 December	-	-	2,000,000,000	1,000,000,000
Issued and fully paid: -				
At 1 January	1,037,508,399	518,754,200	1,007,595,651	503,797,826
- Issued for cash via convertion warrants	-	-	29,912,748	14,956,374
At 31 December	1 ,037,508,399	518,754,200	1,037,508,399	518,754,200

The new Companies Act 2016 which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company as referred to in Note 13, all rights are suspended until those shares are reissued.

13. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Distributable				
Retained earnings	1,867,102,291	1,646,530,310	203,468,683	122,610,757
Non-distributable				
Share premium	180,480,324	180,480,324	180,480,324	180,480,324
Treasury shares	(16,890,762)	(11,420,298)	(16,890,762)	(11,420,298)
Revaluation reserve	17,401,150	17,401,150	-	-
	180,990,712	186,461,176	163,589,562	169,060,026
	2,048,093,003	1,832,991,486	367,058,245	291,670,783

(a) Share premium

Pursuant to the Section 618 of the Companies Act 2016 (the "Act") upon the commencement of Section 74 of the Act, any amount outstanding to the credit of a company's share premium account and capital redemption reserve shall become part of the company's share capital, notwithstanding, a company may, within twenty-four months upon commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account, for certain purposes as prescribed in the Act.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

13. RESERVES *(Cont'd)*

(b) Revaluation reserve

	2017 RM	2016 RM
Group		
At 1 January	17,401,150	17,380,028
Realised revaluation deficit/(surplus)	-	885
Reversal of deferred tax arising from change in tax rate (Note 17)	-	20,237
At 31 December	17,401,150	17,401,150

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The revaluation reserve is used to record increased in fair value of freehold land and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. Prior to 1 January 2006, revaluation increase of investment properties and land held for property development are also included in this reserve and the revaluation increase of investment properties has been subsequently recognised in retained earnings upon the adoption of FRS 140 in prior year.

(c) Treasury shares

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 30 May 2017, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company has repurchased 4,368,900 (2016: 141,700) of its issued ordinary shares from the open market for a total consideration of RM5,470,464 (2016: RM158,324). The average price paid for the shares repurchased was RM1.25 (2016: RM1.12) per share including transaction costs, and the repurchase transactions were funded by internally generated funds. The shares repurchased are held as treasury shares.

Treasury shares have no rights in voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

At 31 December 2017, the Company held 12,286,400 of the Company's share. The number of outstanding ordinary share in issue after deducting treasury shares is therefore 1,025,221,999 (2016: 1,029,590,899) ordinary shares of RM0.50 each.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-current				
Retention sums	51,457	51,457	-	-
Deposits payable	27,583,048	25,531,518	-	-
Provision for foreseeable loss of affordable housing	115,817,713	102,507,714	-	-
	143,452,218	128,090,689	-	-

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

14. TRADE AND OTHER PAYABLES *(Cont'd)*

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current				
Trade payables	44,614,164	53,470,664	-	-
Other payables: -				
Progress billings in respect of property development costs	25,808,324	32,244,460	-	-
Sundry payables	24,911,796	16,447,720	47,772	71,911
Deposits payable	3,471,327	38,357,545	-	-
Accruals	43,426,020	12,151,480	159,816	158,346
Total other payables	97,617,467	99,201,205	207,588	230,257
	142,231,631	152,671,869	207,588	230,257
	285,683,849	280,762,558	207,588	230,257

Further information for trade payables is disclosed in Note 27(d) to the financial statements.

15. LOANS AND BORROWINGS

	Group 2017 RM	Group 2016 RM
Non-current		
Secured		
- Term loans	42,789,350	68,975,741
Current		
Secured		
- Bank overdraft	-	9,027,286
- Bankers acceptance	-	5,500,000
- Revolving credit	5,383,332	50,000,000
- Term loan	21,558,348	25,566,348
	26,941,680	90,093,634
	69,731,030	159,069,375

The loans and borrowings are secured by mean of: -

(a) fixed charge over the land held for property development of the Company as referred to in Note 4;
(b) fixed charge over the investment properties of the Company as referred to in Note 5;
(c) corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

16. HIRE PURCHASE PAYABLES

	2017 RM	2016 RM
Non-current	-	70,979
Current	69,721	71,773
	69,721	142,752

	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
2017			
Less than one year	72,719	(2,998)	69,721
Between one and five years	-	-	-
	72,719	(2,998)	69,721
2016			
Less than one year	77,148	(5,375)	71,773
Between one and five years	72,719	(1,740)	70,979
	149,867	(7,115)	142,752

17. DEFERRED TAX LIABILITIES

	Group	
	2017 RM	2016 RM
Movement in temporary differences during the year		
At 1 January	(36,962,039)	(34,784,238)
Recognised in statements of profit or loss (Note 23)	(254,086)	(2,198,038)
Recognised in equity (Note 13)	-	20,237
At 31 December	(37,216,125)	(36,962,039)
Represented by:		
Deferred tax assets	11,168,840	10,157,926
Deferred tax liabilities	(48,384,965)	(47,119,965)
	(37,216,125)	(36,962,039)

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

17. DEFERRED TAX LIABILITIES *(Cont'd)*

The components of deferred tax assets and liabilities as at the end of the financial year, prior to offsetting are as follows: -

	Group Deferred tax assets 2017 RM	Group Deferred tax assets 2016 RM
Tax effect of provision for foreseeable loss		
At 1 January	10,157,926	7,958,090
Recognised in profit or loss	1,010,914	2,199,836
At 31 December	11,168,840	10,157,926

	Fair value adjustment RM	Unrealised revaluation surplus RM	Others RM	Total RM
Group				
Deferred tax liabilities				
2017				
At 1 January	(32,697,677)	(8,711,195)	(5,711,093)	(47,119,965)
Recognised in profit or loss	(1,265,000)	-	-	(1,265,000)
At 31 December	(33,962,677)	(8,711,195)	(5,711,093)	(48,384,965)
2016				
At 1 January	(31,988,377)	(6,050,558)	(4,703,393)	(42,742,328)
Recognised in profit or loss	(709,300)	(2,680,874)	(1,007,700)	(4,397,874)
Recognised in equity	-	20,237	-	20,237
At 31 December	(32,697,677)	(8,711,195)	(5,711,093)	(47,119,965)

18. REVENUE

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Sale of development properties	529,541,968	523,217,637	-	-
Rental income from investment properties	85,726,114	84,660,160	-	-
Hotel, food and beverage revenue	75,188,123	74,277,341	-	-
Car park income	5,048,462	4,937,092	-	-
Sale of land	40,002	-	-	-
Other trade sales	1,958,859	1,969,273	-	-
Dividend income from subsidiaries	-	-	65,400,000	33,600,000
Management fees from subsidiaries	-	-	987,000	930,000
	697,503,528	689,061,503	66,387,000	34,530,000

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

19. COST OF SALES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Property development costs	129,490,986	217,487,631	-	-
Cost of inventories sold	132,224,699	19,514,997	-	-
Post construction cost	5,322,963	1,286,086	-	-
Provision for foreseeable loss realised	-	9,415,113	-	-
Cost of running hotel and food and beverage	21,818,773	23,003,489	-	-
Cost of running investment properties	12,247,792	12,443,721	-	-
Cost of car park	42,368	-	-	-
Other trade cost	1,121,722	2,295,394	-	-
	302,269,303	285,446,431	-	-

20. OTHER INCOME

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income	8,035,597	3,644,716	21,656,715	19,845,454
Rental income	5,877,478	4,858,486	-	-
Sundry income	2,892,904	1,277,836	-	-
Forfeiture income	407,724	734,826	-	-
Fair value adjustment of investment property	18,632,000	112,720,691	-	-
Gain on disposal of property, plant and equipment	351	-	-	-
	35,846,054	123,236,555	21,656,715	19,845,454

21. FINANCE COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Bank charges	1,065,111	1,966,400	2,487	2,512
Bank interest	19,581	33,152	-	-
Bankers acceptance interest	11,784	266,265	-	-
Revolving credit interest	243,182	2,237,269	-	-
Term loans interest	3,456,741	5,001,522	-	-
Hire purchase interest	4,117	5,237	-	-
Inter-companies loan	-	-	943,314	1,050,382
	4,800,516	9,509,845	945,801	1,052,894

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

22. PROFIT BEFORE TAX

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax are stated after charging/(crediting): -				
Auditors' remuneration				
- current year	220,000	213,000	20,000	20,000
- over provision in prior years	-	(2,000)	-	-
- other services	11,000	10,500	3,000	3,000
Bad debts written off	-	170,461	-	-
Depreciation of property, plant and equipment	8,877,933	10,581,038	-	-
Non-executive directors' remuneration:				
- fees	90,000	90,000	90,000	90,000
- other emoluments	15,000	15,000	15,000	15,000
Executive directors' remuneration:				
Other emoluments				
- directors of the Company	30,182,417	30,150,015	787,037	754,635
- directors of subsidiaries	14,853,621	14,518,118	-	-
Loss on disposal of property, plant and equipment	849	223,255	-	-
Property, plant and equipment written off	25	-	-	-
Rental of premises	117,600	111,600	-	-
Staff costs (excludes directors' remuneration):				
- wages, salaries and others	26,593,035	26,866,539	-	-
- contribution to state plans	2,366,297	2,298,252	-	-
- other personnel costs	2,661,986	2,990,049	-	-

The details of directors' remuneration of the Company during the year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive:				
- salary and bonus	25,383,000	25,354,250	681,000	652,250
- contribution to state plans	4,796,100	4,792,650	102,720	99,270
- other personnel costs	3,317	3,115	3,317	3,115
	30,182,417	30,150,015	787,037	754,635

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

23. INCOME TAX EXPENSE

	2017 RM	2016 RM
Group		
Recognised in profit or loss: -		
Current tax expense: -		
Malaysian		
- current year	62,269,501	69,559,001
- underprovision in prior years	(2,668,411)	192,864
	59,601,090	69,751,865
Deferred tax expense: -		
Relating to origination and reversal of temporary differences (Note 17)	254,086	2,198,038
Total income tax expense	59,855,176	71,949,903
Reconciliation of tax expense: -		
Profit before tax	280,427,157	386,466,676
Income tax calculated using Malaysian tax rate of 24%	67,302,518	92,752,002
Income not subject to tax	(4,351,680)	(28,330,149)
Non-deductible expenses	6,571,043	10,720,116
Deferred tax asset not recognised during the year	-	285,828
Tax savings arising from Investment Tax Allowance	(4,390,000)	(3,670,758)
Tax savings arising from different tax rate on increase in chargeable income	(1,800,000)	-
Utilisation of previously unrecognised tax losses	(808,294)	-
Under/(Over) provision of income tax expense in prior years	(2,668,411)	192,864
Tax expense for the year	59,855,176	71,949,903
Company		
Recognised in profit or loss: -		
Current tax expense: -		
Malaysian		
- current year	4,989,000	4,522,000
- under provision in prior years	151,208	5,923
	5,140,208	4,527,923

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

23. INCOME TAX EXPENSE *(Cont'd)*

	2017 RM	2016 RM
Reconciliation of tax expense: -		
Profit before tax	85,998,134	52,187,117
Income tax calculated using Malaysian tax rate of 24%	20,639,552	12,524,908
Income not subject to tax	(15,696,000)	(8,064,000)
Non-deductible expenses	45,448	61,092
Under provision of income tax expense in prior years	151,208	5,923
Tax expense for the year	5,140,208	4,527,923

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2017 RM	2016 RM
Unabsorbed capital allowance	-	4,000
Unutilised tax losses	-	2,706,600

24. EARNINGS PER ORDINARY SHARE

<u>Basic earnings per ordinary share</u>

The calculation of basic earnings per ordinary share at the end of reporting period was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding excluding treasury shares held by the Company, calculated as follows:

	Group	
	2017	2016
Profit attributable to ordinary shareholders (RM)	220,571,981	314,516,773
Weighted average number of ordinary shares at 31 December	1,025,221,999	1,015,104,729
Basic earnings per ordinary share (sen)	21.51	30.98

<u>Diluted earnings per ordinary share</u>

There are no dilutive potential ordinary shares.

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2017 RM	2016 RM
Additions during the year (Note 3)	19,302,301	11,784,588
Financed by hire purchase agreement	-	(219,000)
	19,302,301	11,565,588

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

26. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are offer different services. For each of the business segments, the Group Managing Director reviews the internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments:

(i)	*Property development*	-	The development of residential and commercial properties;
(ii)	*Property investment*	-	Investment of real properties and hotel;
(iii)	*Investment holding*	-	Provision of management services to the subsidiaries; and
(iv)	*Car park operation*	-	Car park management services

Performance is measured based on revenue and operating profit as the management believes that such information is the most relevant in evaluating the results of the operation.

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

Segment assets
The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities
Segment liabilities information is also included in the internal management reports provided to the Group Managing Director.

Segment capital expenditure
Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

26. OPERATING SEGMENTS *(Cont'd)*

Group	Property development RM	Property investment RM	Carpark operation RM	Investment holding RM	Others RM	Elimination RM	Total RM
2017							
Revenue							
External sales							
- Sales of properties	531,540,829	-	-	-	-	-	531,540,829
- Rental income	-	85,726,114	-	-	-	-	85,726,114
- Hotel, food and beverage	-	75,188,123	-	-	-	-	75,188,123
- Carpark income	-	-	5,048,462	-	-	-	5,048,462
Inter-segment	-	-	-	66,387,000	-	(66,387,000)	-
	531,540,829	160,914,237	5,048,462	66,387,000	-	(66,387,000)	697,503,528
Other income							
- Fair value adjustment	-	20,500,000	-	-	-	(1,868,000)	18,632,000
- Rental income	6 ,699,723	-	-	-	-	(822,245)	5,877,478
- Others	10,502,555	739,178	94,843	-	-	-	11,336,576
Inter-segment	936,073	3,444	3,797	21,656,715	-	(22,600,029)	-
	18,138,351	21,242,622	98,640	21,656,715	-	(25,290,274)	35,846,054
Results							
Segment results	174,063,289	109,575,898	4,529,856	86,943,935	(17,276)	(89,868,029)	285,227,673
Finance cost							(4,800,516)
Income tax							(59,855,176)
Net profit for the year							220,571,981
Other information							
Segment assets	2,176,151,925	830,393,564	6,247,836	926,414,978	125,699	(966,690,155)	2,972,643,847
Consolidated total assets							2,972,643,847
Segment liabilities	1,090,957,661	60,881,973	4,378,830	40,602,533	219,514	(791,243,867)	405,796,644
Consolidated total liabilities							405,796,644
Capital expenditure	740,084	17,421,796	1,140,421	-	-	-	19,302,301
Depreciation of property, plant and equipment	1,404,905	7,447,892	25,136	-	-	-	8,877,933

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

26. OPERATING SEGMENTS *(Cont'd)*

Group	Property development RM	Property investment RM	Carpark operation RM	Investment holding RM	Others RM	Elimination RM	Total RM
2016							
Revenue							
External sales							
- Sales of properties	525,186,910	-	-	-	-	-	525,186,910
- Rental income	-	84,780,160	-	-	-	(120,000)	84,660,160
- Hotel, food and beverage	-	74,277,341	-	-	-	-	74,277,341
- Carpark income	-	-	4,937,092	-	-	-	4,937,092
Inter-segment	-	-	-	34,530,000	-	(34,530,000)	-
	525,186,910	159,057,501	4,937,092	34,530,000	-	(34,650,000)	689,061,503
Other income							
- Fair value adjustment	-	112,720,691	-	-	-	-	112,720,691
- Rental income	4,828,411	30,075	-	-	-	-	4,858,486
- Others	4,804,485	802,029	50,864	-	-	-	5,657,378
Inter-segment	910,322	68,979	87,328	19,845,454	-	(20,912,083)	-
	10,543,218	113,621,774	138,192	19,845,454	-	(20,912,083)	123,236,555
Results							
Segment results	193,531,591	199,173,724	4,560,360	53,240,011	(17,082)	(54,512,083)	395,976,521
Finance cost							(9,509,845)
Income tax							(71,949,903)
Net profit for the year							314,516,773
Other information							
Segment assets	2,150,082,609	725,411,464	6,136,340	840,583,248	15,658	(877,759,167)	2,844,470,152
Consolidated total assets							2,844,470,152
Segment liabilities	1,137,155,490	19,754,917	2,302,891	30,158,265	89,399	(696,736,496)	492,724,466
Consolidated total liabilities							492,724,466
Capital expenditure	646,602	8,886,851	2,251,135	-	-	-	11,784,588
Depreciation of property, plant and equipment	1,595,904	8,974,939	10,195	-	-	-	10,581,038

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables ('L&R')
(ii) Financial liabilities measured at amortised cost ('FL')

	Group		Company	
	Carrying amount RM	L&R/(FL) RM	Carrying amount RM	L&R/(FL) RM
31 December 2017				
Financial assets				
Trade and other receivables, exclude accrued billings and prepayments	90,712,267	90,712,267	385	385
Amount due by subsidiaries	-	-	750,741,086	750,741,086
Cash and bank balances	254,182,393	254,182,393	151,547	151,547
	344,894,660	344,894,660	750,893,018	750,893,018
Financial liabilities				
Trade and other payables, exclude provision for foreseeable loss and progress billings	(144,057,812)	(144,057,812)	(207,588)	(207,588)
Amount due to subsidiaries	-	-	(38,814,824)	(38,814,824)
Loans and borrowings	(69,731,030)	(69,731,030)	-	-
Hire purchase payables	(69,721)	(69,721)	-	-
	(213,858,563)	(213,858,563)	(39,022,412)	(39,022,412)
31 December 2016				
Financial assets				
Trade and other receivables, exclude accrued billings and prepayments	449,048,045	449,048,045	385	385
Amount due by subsidiaries	-	-	665,045,356	665,045,356
Cash and bank balances	42,944,084	42,944,084	15,547	15,547
	491,992,129	491,992,129	665,061,288	665,061,288
Financial liabilities				
Trade and other payables, exclude provision for foreseeable loss and progress billings	(146,010,384)	(146,010,384)	(230,257)	(230,257)
Amount due to subsidiaries	-	-	(28,407,387)	(28,407,387)
Loans and borrowings	(159,069,375)	(159,069,375)	-	-
Hire purchase payables	(142,752)	(142,752)	-	-
	(305,222,511)	(305,222,511)	(28,637,644)	(28,637,644)

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

27. FINANCIAL INSTRUMENTS *(Cont'd)*

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(c) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables.

The balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Collectively impairment RM	Net RM
2017				
Not past due	26,713,478	-	-	26,713,478
Past due 1 to 30 days	20,598,118	-	-	20,598,118
Past due 31 to 60 days	12,736,285	-	-	12,736,285
Past due 61 to 90 days	3,790,612	-	-	3,790,612
Past due 91 to 120 days	2,497,263	-	-	2,497,263
Past due more than 121 days	9,716,695	-	-	9,716,695
	76,052,451	-	-	76,052,451
2016				
Not past due	23,905,270	-	-	23,905,270
Past due 1 to 30 days	296,705,394	-	-	296,705,394
Past due 31 to 60 days	5,356,654	-	-	5,356,654
Past due 61 to 90 days	3,159,755	-	-	3,159,755
Past due 91 to 120 days	5,378,816	-	-	5,378,816
Past due more than 121 days	11,166,874	-	-	11,166,874
	345,672,763	-	-	345,672,763

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

27. FINANCIAL INSTRUMENTS *(Cont'd)*

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

(i) Receivables *(Cont'd)*

Trade receivables that are past due but not impaired

The Company has trade receivables amounting to RM49,338,973 (2016: RM324,637,360) that are past due at the reporting date but not impaired.

Trade receivable comprise substantially of amounts due from house buyers with end financing facilities from end financiers. In respect of house buyers without end financing facilities, the Group retain the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

(ii) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM69,731,030 (2016: RM159,069,375) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(iii) Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

27. FINANCIAL INSTRUMENTS *(Cont'd)*

(d) Liquidity risk *(Cont'd)*

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group 2017	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-5 years RM	Over 5 years RM
Non-derivative financial liabilities						
Trade and other payables	144,057,812	-	144,057,812	116,474,764	27,583,048	-
Revolving credit	5,383,332	3.81%	5,383,332	5,383,332	-	-
Term loans	64,347,698	4.77%	75,596,879	22,327,406	35,953,754	17,315,719
Hire purchase payables	69,721	3.60%	72,719	72,719	-	-
	213,858,563		225,038,023	144,185,502	63,536,802	17,315,719
2016						
Non-derivative financial liabilities						
Trade and other payables	146,010,384	-	146,010,384	120,427,409	25,582,975	-
Bankers acceptance	5,500,000	-	5,500,000	5,500,000	-	-
Revolving credit	50,000,000	3.81%	50,000,000	50,000,000	-	-
Bank overdraft	9,027,286	5.29%	9,027,286	9,027,286	-	-
Term loans	94,542,089	4.83%	140,064,480	27,630,691	95,050,399	17,383,390
Hire purchase payables	142,752	3.60%	149,867	77,148	72,719	-
	305,222,511		350,602,150	212,585,386	120,633,374	17,383,390
Company						
2017						
Non-derivative financial liabilities						
Other payables	207,588	-	207,588	207,588	-	-
Amount due to subsidiaries	38,814,824	3.08%	38,814,824	38,814,824	-	-
	39,022,412		39,022,412	39,022,412	-	
2016						
Non-derivative financial liabilities						
Other payables	230,257	-	230,257	230,257	-	-
Amount due to subsidiaries	28,407,387	3.12%	28,407,387	28,407,387	-	-
	28,637,644		28,637,644	28,637,644	-	

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

27. FINANCIAL INSTRUMENTS *(Cont'd)*

(e) Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Company's financial position or cash flows.

Interest rate risk
The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk
The Company managed interest rate risk through effective use of its floating and fixed rate debts.

Exposure to interest rate risk
The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed rate instruments				
Financial assets	142,423,841	5,000,000	-	-
Financial liabilities	(69,721)	(142,752)	-	-
	142,354,120	4,857,248	-	-
Floating rate instruments				
Financial liabilities	(69,731,030)	(159,069,375)	(38,814,824)	(28,407,387)

Interest rate risk sensitivity analysis

- *Fair value sensitivity analysis for fixed rate instruments*
  The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the rreporting period would not affect profit or loss.

- *Cash flow sensitivity analysis for variable rate instruments*
  A change of 100 basis points ("bp") in interest rates during the reporting period would have increased/(decreased) Group and Company's pre-tax profit or loss by RM697,300 and RM388,000 (2016: RM1,590,700 and RM284,000) respectively.

(f) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables, amount due by/(to) subsidiaries and short-term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the non-current portion of term loans that carry floating interest rates approximate their fair value as they are re-priced to market interest rates on or near the reporting date. The carrying amount of long-term deposits and hire purchase payables that carry fixed interest rates approximate their fair values as the impact of discounting is not material.

28. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2017.

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

The gearing ratios were as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Trade and other payables, exclude provision for foreseeable loss and progress billings	144,057,812	146,010,384	207,588	230,257
Amount due to subsidiaries	-	-	38,814,824	28,407,387
Total loans and borrowings	69,800,751	159,212,127	-	-
Less: Cash and cash equivalents	(254,182,393)	(42,944,084)	(151,547)	(15,547)
Net debt	(40,323,830)	262,278,427	38,870,865	28,622,097
Equity	2,566,847,203	2,351,745,686	885,812,445	810,424,983
Total capital	2,566,847,203	2,351,745,686	885,812,445	810,424,983
Capital and net debt	2,526,523,373	2,614,024,113	924,683,310	839,047,080
Gearing ratio	-1.60%	10.03%	4.20%	3.41%

The Group disregarded provision for foreseeable loss of affordable housing and progress billings in respect of property development costs as debt.

There was no change in the Group's approach to capital management during the financial year.

The Group is not subject to any externally imposed capital requirements.

29. COMMITMENTS

(i) Capital commitments

This represents the balance of the contracted purchase price of land.

	Group	
	2017 RM	**2016 RM**
Capital expenditure:		
Contracted but not provided for:		
Leasehold land	7,800,000	-

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

29. COMMITMENTS *(Cont'd)*

(ii) Operating lease arrangements (as lessor)

The Group has entered into non-cancellable operating leases agreements on its investment property. The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2017 **RM**	**2016** **RM**
Not later than 1 year	22,004,793	28,977,108
Later than 1 year but not later than 5 years	45,351,411	31,580,708
	67,356,204	60,557,816

30. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, significant investors, directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below:

		Note	**2017** **RM**	**2016** **RM**
A.	**Susidiary companies**			
	Management fees receivable from subsidiaries		987,000	930,000
	Loan interest receivable from subsidiaries		21,656,715	19,845,454
	Loan interest payable to subsidiaries		943,314	1,050,382
	Dividend receivable from subsidiaries		65,400,000	33,600,000
B.	**Companies in which certain directors have interest**			
	Rental receivable from:			
	- Harapan Terang Motor Sdn. Bhd.	(a)	20,400	20,400
	- Bestari Bestmart Sdn. Bhd.	(b)	217,580	1,829,283
	Rental payable to:			
	- Bintang-Bintang Sdn. Bhd.	(c)	200,000	180,000
	Purchases from:			
	- Wawasan Batu-Bata Sdn. Bhd.	(d)	-	7,841,122

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

30. RELATED PARTIES *(Cont'd)*

C. Key management personnel

Directors		
- Remuneration	38,411,000	38,083,250
- Social security contributions	9,238	8,413
- Contribution to state plans	6,615,800	6,576,470
	45,036,038	44,668,133

Note:

(a) In which Ku Tien Sek has interest.
(b) In which Ku Hwa Seng has interest.
(c) In which Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng, Ku Tien Sek and directors of certain subsidiary companies, Ku Wa Chong, Ku Keng Leong, Ku Ek Mei, Ku Keng Yaw have interest.
(d) In which Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng, Ku Tien Sek and directors of certain subsidiary companies, Ku Wa Chong, Ku Keng Leong, Khoo Keng Ghiap, Ku Ek Mei, Khoo Lee Feng, Ku Keng Yaw have interest.

31. SUBSEQUENT EVENTS

(a) *Acquisition of land*

On 12 March 2018, Goodpark Development Sdn Bhd, a wholly-owned subsidiary of the Company has entered into a conditional sale and purchase agreement with a third party for the proposed acquisition of two parcels of leasehold land of 99 years, located at Mukim of Tebrau, District of Johor Bahru in the state of Johor, for a total consideration of RM133,593,387.

On 20 March 2018, Gantang Jaya Sdn Bhd and Bintang-Bintang Development Sdn Bhd, both wholly-owned subsidiaries of the Company have entered into a conditional sale and purchase agreements with a third party for the proposed acquisition of three and six parcels of freehold land respectively, located at Mukim of Pulai, District of Johor Bahru in the state of Johor, for a total consideration of RM4,454,322 and RM172,483,062 respectively.

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