ANNUAL REPORT 2017

Sentoria Group Berhad

(463344-K)

Contents

CORPORATE INFORMATION

As at 15 January 2018

BOARD OF DIRECTORS

Datuk Aznam Bin Mansor
Independent Non-Executive Chairman

Dato' Chan Kong San
Joint Managing Director

Dato' Gan Kim Leong
Joint Managing Director

Mr Lee Chaing Huat
Senior Independent Non-Executive Director

Mr Wong Yoke Nyen
Independent Non-Executive Director

Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Wong Yoke Nyen (Chairman)
Datuk Aznam Bin Mansor
Mr Lee Chaing Huat
Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad

NOMINATION COMMITTEE

Mr Lee Chaing Huat (Chairman)
Datuk Aznam Bin Mansor
Mr Wong Yoke Nyen
Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad

REMUNERATION COMMITTEE

Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad (Chairman)
Datuk Aznam Bin Mansor
Dato' Chan Kong San
Mr Lee Chaing Huat
Mr Wong Yoke Nyen

COMPANY SECRETARIES

Datuk Tan Leh Kiah *(MAICSA 0719692)*
Ms Lim Chien Joo *(MAICSA 7063152)*
Ms Chin Lee Chyen *(MAICSA 7055910)*

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name	Code
SNTORIA	5213
SNTORIA-WA	5213WA
SNTORIA-WB	5213WB

REGISTERED OFFICE

56 & 58 (2nd Floor)
Jalan Dagang SB 4/2
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 03-8943 8388
Fax : 03-8944 1520

HEAD OFFICE

56 & 58, Jalan Dagang SB 4/2
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 03-8943 8388
Fax : 03-8944 5388
Website : www.sentoria.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
(Company No. 11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222

EXTERNAL AUDITORS

Messrs. Grant Thornton Malaysia (AF: 0737)
(formerly known as SJ Grant Thornton)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4022
Fax : 03-2732 1010

INTERNAL AUDITORS

GovernAce Advisory & Solutions Sdn. Bhd.
(Company No. 1243730-W)
Level 35-02 (East Wing), Q Sentral
2A, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : 03-2731 9203
Fax : 03-2731 9399

PRINCIPAL BANKERS

RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Affin Bank Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
Small Medium Enterprise Development Bank Malaysia Berhad
Alliance Bank Malaysia Berhad

GROUP CORPORATE STRUCTURE

Sentoria Group Berhad
(463344-K)

LEISURE & HOSPITALITY

- 100% Sentoria Themeparks and Resorts Sdn. Bhd. (747796-W)
  - 100% Blue Sky Leisure Sdn. Bhd. (954663-D)
  - 100% Star Wholesale Sdn. Bhd. (987844-P)
- 100% Sentoria Morib Bay Sdn. Bhd. (955328-A)
- 100% Sentoria Vacation Club Berhad (850929-U)
- 100% Sentoria Borneo Samariang Sdn. Bhd. (1044899-X)
- 100% Sentoria Leisure Langkawi Sdn. Bhd. (682753-T)
- 100% Ataria International Sdn. Bhd. (fka: Ataria Leisure International Sdn. Bhd.) (1160030-V)
- 100% Active Academy Sdn. Bhd. (1261131-K)

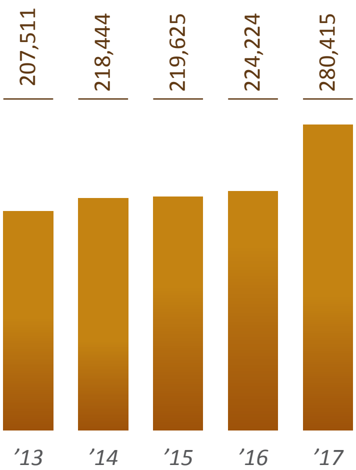
PROPERTY DEVELOPMENT

- 100% Sentoria Properties Sdn. Bhd. (477817-P)
- 100% Sentoria Alam Sdn. Bhd. (625769-P)
- 100% Sentoria Alfa Sdn. Bhd. (632951-M)
- 100% Sentoria Bina Sdn. Bhd. (477814-V)
- 100% Sentoria Land Sdn. Bhd. (1048608-M)
- 100% Sentoria Harta Sdn. Bhd. (599658-M)
- 100% Sentoria Borneo Land Sdn. Bhd. (1044844-V)
- 75% Sentoria Langkawi Sdn. Bhd. (1072940-A)
- 100% Sentoria Projects Sdn. Bhd. (955706-H)
- 75% Sentoria Utara Sdn. Bhd. (1114233-A)
- 100% Sentoria IBS Sdn. Bhd. (1260727-D)

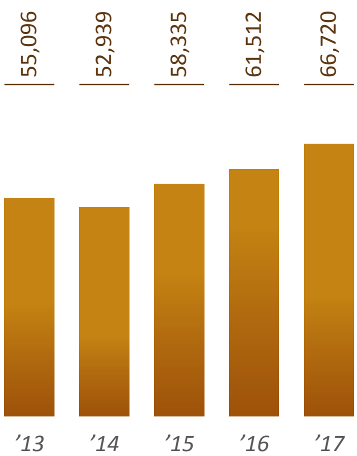
FINANCIAL HIGHLIGHTS

FYE	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	207,511	218,444	219,625	224,224	280,415
Ebitda	55,096	52,939	58,335	61,512	66,720
Profit before taxation	43,810	35,466	37,123	45,182	51,365
Profit after taxation	53,099	28,991	32,115	33,111	38,032
Shareholders' equity	248,266	324,675	376,270	402,717	446,468
Total assets	456,313	659,238	691,264	848,496	1,023,070
Earning per share (sen)	12.07	6.62	6.98	6.83	7.73
Net dividend per share (sen)	2.00	2.00	2.00	-	-

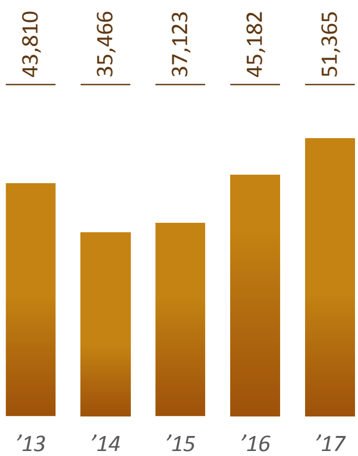
REVENUE
(RM'000)



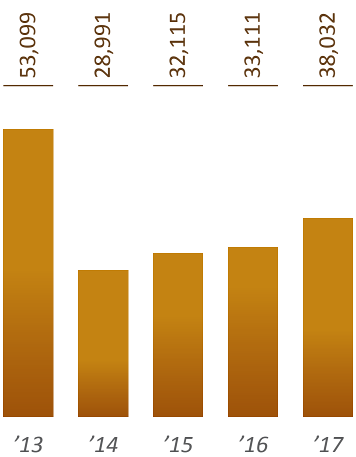
EBITDA
(RM'000)



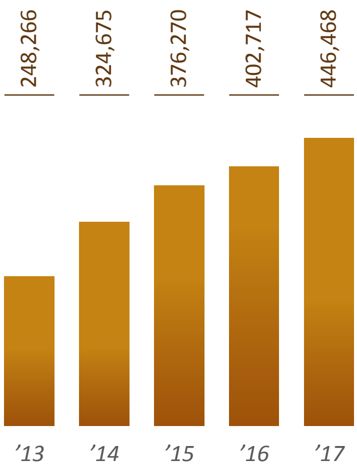
PROFIT BEFORE TAXATION
(RM'000)



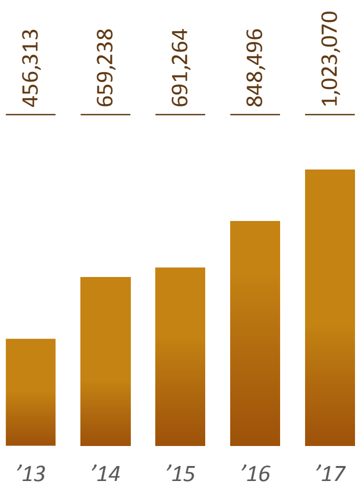
PROFIT AFTER TAXATION
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



TOTAL ASSETS
(RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

OVERVIEW OF GROUP'S BUSINESS

The Group is involved in property development (with its own construction arm) and the leisure and hospitality industry. Its existing major property development projects are located in Kuantan-Pahang, Morib-Selangor and Kuching-Sarawak, further details of which are set out below under "Review of Business Operations".

The Group is primarily a developer of affordable homes with over approximately 97% of its developed properties and those under development to-date having been sold for less than RM300,000 per unit. As of 30 September 2017, the Group's remaining land bank (consisting of its own land and those under joint development) available for development amounted to 1,501 acres. This acreage which is located in the three areas mentioned above, in Langkawi and Sungai Petani-Kedah, should be able to sustain the Group's future development activities for the next 10 years.

The Group's existing leisure and hospitality facility is at Bukit Gambang Resort City ("BGRC"), an integrated resort city of approximately 727 acres located in Gambang-Pahang. BGRC was developed on the concept of "One Location Multiple Attractions" offering accommodation with integrated facilities for leisure, business convention or retreat. It has over 2,000 rooms, food and beverage outlets and business convention facilities. BGRC's ballroom which has an area of 3,562 square meters was certified by The Malaysia Book of Records as the "Largest Pillarless Ballroom" in Malaysia. Recently, BGRC was also certified by Ministry of Tourism and Culture Malaysia that it is in compliance with Asean MICE Venue Standard 2017.

BGRC encompasses Bukit Gambang Water Park ("BGWP"), the largest water theme park on the East Coast of Peninsular Malaysia. BGWP was conferred the "Best Water Park in Malaysia" award in 2011 by Malaysian Association of Amusement Themepark and Family Attractions. It covers an area of about 46 acres within a lush secondary jungle environment, thus providing a natural tropical ambience to the various water rides and attractions.

Adjacent to Bukit Gambang Water Park is Bukit Gambang Safari Park ("BGSP") which is nestled within 138 acres of secondary jungle. BGSP is the largest zoo safari park in Malaysia with more than 300 species of wild animals from all over the world. These animals include, inter alia, golden eagles, brown bears, white kangaroos, cheetahs and white lions were the first of its kind in Malaysia. BGSP which boasts of the first Malaysian-born white lion cub (named King) was also awarded the "Best Safari Park" by Baby Talk Magazine Readers' Choice. The safari park was designed on the concept of a fully covered walking zone with a drive-through savannah to enhance the experience of the animals roaming free in their natural habitats.

YEAR-ON-YEAR FINANCIAL REVIEW

Revenue

For the financial year ended 30 September 2017 ("FY2017"), the Group achieved its highest ever annual revenue. The revenue of RM280.4 million was an increase of 25.1% over RM224.2 million in the preceding financial year ("FY2016"). The Property Development Division ("PDD") was the major contributor of the higher revenue providing 84.6% of the Group's revenue for FY2017 compared to its contribution of 78.6% for FY2016. In monetary terms, this increase was RM61.1 million, an increase of 34.6% year-on-year ("YoY") over that of FY2016. This improvement was mainly contributed by the higher revenue from on-going projects and new launches (in FY2017) in Kuantan, Morib and Kuching.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

External revenue for the Leisure and Hospitality Division ("LHD") reduced 10.0% YoY to RM43.1 million for FY2017 from RM47.9 million achieved in FY2016. This decline was mainly attributed to reduced visitors and lower room occupancy at BGRC.

Gross margin

Consolidated gross margin for FY2017 of 34.5% as compared to 40.1% in FY2016.

PDD's gross margin for FY 2017 reduced to 34.4% as compared to 39.6% in FY2016. The higher gross margin in FY 2016 was mainly due to cost savings for the development projects completed in FY2016 and lower construction costs then.

LHD's gross margin was also reduced from 42.1% in FY2016 to 35.2% in FY2017. This decrease in margin was mainly due to the lower revenue YoY as a major portion of LHD's costs were either fixed or semi-fixed in nature.

Profit before tax

Group profit before tax ("PBT") improved by 13.7% from RM45.2 million in FY2016 to RM51.4 million in FY2017, despite the lower gross margin recorded for FY2017. This was primarily the result of the 25.1% YoY increase in revenue as well as prudent and effective management of the Group's net operating expenses. This improvement in profitability was contributed by PDD whose segmental PBT increased 20.9% to RM51.8 million in FY2017 from RM42.9 million in FY2016.

As mentioned earlier, the performance of LHD remained challenging in FY2017 with lower revenue and gross margin. On a positive note, LHD achieved a turnaround with a segmental pre-tax profit of RM542,000 for FY2017 compared to an operating loss of RM89,000 in FY2016. This improvement was attained as a consequence of improved cost efficiencies.

Profit attributable to the equity owners of the Company

As a consequence of the aforementioned increase in the Group PBT, the Group's profit attributable to the equity owners of the Company increased by 14.8% to RM38.0 million in FY2017 from RM33.1 million in FY2016. The effective tax rate for FY 2017 of 25.9% was lower than that of 26.7% for FY2016. This was mainly due to the provision of deferred tax on the surplus on revaluation of investment properties at the Real Property Gain Tax rate of 5% instead of the income tax rate of 24%.

In line with the increase in profitability, the basic earnings per share of the Group also increased by 13.2% from 6.83 sen for FY2016 to 7.73 sen in FY2017.

Liquidity and capital resources

The Group's cash and cash equivalents turnaround from a negative net cash position of RM11.6 million as at 30 September 2016 to a positive net cash position of RM18.6 million as at 30 September 2017. This turnaround was mainly due to the net inflow from financing activities for FY2017 of RM114.7 million. The major component of this inflow was the drawdown of borrowings (net of repayments) of RM110.1 million. This inflow was reduced by the following cash outflows:

(i) Net cash used in operating activities for FY2017 was RM25.3 million as compared to RM68.9 million in FY2016. This improvement was mainly due to higher operating profit for FY2017 of RM61.1 million (FY2016: RM55.6 million) and lower working capital utilisation of RM71.9 million as at 30 September 2017 (30 September 2016: RM108.9 million).

(ii) Net cash used in investing activities increased from RM46.8 million in FY2016 to RM59.2 million for FY2017. This was primarily due to increased capital expenditure of RM54.1 million for FY2017 (FY2016: RM48.3 million); incurred for the construction of the water theme park in Morib, the convention centre and water theme park in Kuching, and development works in Langkawi Nature Park.

Gearing

The Group's gearing ratio (calculated as total borrowings divided by shareholders' equity) as at 30 September 2017 was 86.9% as compared to that of 68.5% as of 30 September 2016. This increase in the gearing ratio was caused by the drawdown of borrowings to mainly finance land procurement and capital expenditure.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

REVIEW OF BUSINESS OPERATIONS

Property Development Division

Kuantan

The Group's current ongoing developments in Kuantan include Taman Bukit Gambang, Taman Bukit Rangin Phase 3 and Taman Indera Sempurna 3 as well as the Second "design and build" Pembangunan Perumahan Rakyat 1Malaysia (PR1MA) Project ("PR1MA 2"), situated along Jalan Kuantan - Pekan.

The balance of 272 semi-detached houses of PR1MA 1 and 112 semi-detached houses of Phase 2A of Taman Bukit Gambang were completed and handed over to the house buyers in FY2017.

New launches by the Group in FY2017 include 260 single-storey houses (Taman Bukit Rangin Phase 3) and 40 semi-detached houses (Taman Bukit Rangin Phase 2). The gross development value ("GDV") of these launches amounted to about RM53 million.

The total GDV of the Group's ongoing developments in Kuantan is approximately RM371 million (including design and build contracts). As at 30 September 2017, the take-up rate of these projects (excluding design and build contracts) was 84%.

Except for 45 units of double storey shops, all ongoing projects in Kuantan are for the development of affordable houses.

Morib

Morib Bay Resort City ("MBRC"), another resort city planned by the Group is strategically located within a radius of 50 kilometres from Port Klang, Putrajaya, Cyberjaya and Kuala Lumpur International Airport. This piece of freehold land measuring 354 acres with an estimated GDV of approximately RM3.5 billion is divided into two development components with 150 acres designated for leisure and hospitality development and 204 acres allocated for mixed development.

The Group's maiden development in MBRC called "Riviera" has an estimated GDV of RM95 million and comprises 156 twin villas in a gated and guarded community with a sport centre. This development has achieved a take up rate of 74% and is 85% completed as at 30 September 2017.

In September 2017, the Group launched 630 units of Rumah SelangorKu, another development within MBRC, comprising 2 blocks of affordable apartments. The GDV of this project is approximately RM139 million and the construction is expected to start in early FY2018.

Kuching

In late 2015, the Group launched Borneo Samariang Resort City ("BSRC"), a new 500 acres resort city with an estimated GDV of RM2 billion. This development includes a water theme park, a safari park, hotel and MICE facilities, and commercial and residential properties. The maiden development launched was Ataria Service Apartments, comprising 428 service apartments with a GDV of about RM105 million. In early 2016, the Group launched Phase 1 of Borneo Samariang Garden ("BSG") consisting 265 single-storey terrace houses and 72 semi-detached houses with an aggregate GDV of approximately RM83 million. As at 30 September 2017, the take-up rate of these projects was 96% with estimated percentage completion of 83%.

Phase 1 of BSG has been completely sold and is expected to be handed over to the buyers in FY2018. Phase 2 of BSG comprising 289 single-storey terrace houses with an estimated GDV of RM64 was launched in September 2016 and targeted for completion by FY2019.

Other locations

Salak Maju Rumah SelangorKu

This project worth RM20 million is a design and build (including sales and marketing) contract for a proposed block of 130 units of apartments at Mukim Labu, Sepang. The development plans for this project is currently at the final stage of approval by the relevant authorities and construction is expected to commence in the 1st half of 2018.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Leisure and Hospitality Division

For FY2017, BGRC is the sole leisure and hospitality facility operated by the Group.

As mentioned earlier, BGRC's performance has been challenging in FY2017 due to reduced visitors and lower room occupancy. Nonetheless, it still managed to turn in a pre-tax profit of RM542,000 for the year as a result of improved of cost efficiencies.

LOOKING AHEAD

BSRC

The Group's developments in BSRC to-date has been quite successful and premised on this success, we will continue to launch similar products to cater for the anticipated future demand.

The construction of the convention centre and water theme park is progressing well despite a shortage of skilled manpower. The water theme park which is scheduled to open early 2018 will be the 1st water theme park in Sarawak/Sabah and its opening should further enhance the prospects of BSRC.

MBRC

Besides the mixed development as mentioned earlier and judging from the good pre-launch response for the Rumah SelangorKu project, the Group will continue to launch similar projects to cater for the demand in this location in the coming years.

The construction of the water theme park is in progress and is targeted for completion by end 2018. This park when completed will offer one of the most superior and exciting water rides amongst existing water theme parks in the Klang Valley.

Sentoria Langkawi Resort City, Sentoria Langkawi Wellness Park and Langkawi Nature Park

The development of Langkawi Nature Park within Kisap Forest Reserve has been completed and is due to open for visitors in early 2018.

As for Sentoria Langkawi Resort City (70 acres) which comprises retail and street malls, service apartments, water theme park, hotels and convention centre, it is awaiting for the approval of the development plans by the relevant authorities.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

The last component of the Group's development plan in Langkawi-Kedah is Sentoria Langkawi Wellness. Sentoria Langkawi Wellness which is still in its early stages of planning, sits on 50 acres of land and will comprise medical training facilities, tourism centres and mixed development.

Sungai Petani-Kedah

The Group plans to launch its maiden development on these 305 acres of land in Sungai Petani-Kedah in 2018. This will be the Group's 1st footprint for property development in northern Peninsular Malaysia.

PROSPECTS

The Group being primarily an affordable homes developer, believes demand for its products to be in the foreseeable future being in line with Government thrust to encourage ownership of affordable houses. While the Group remains positive on the prospects of its property development business, it anticipates margin compression with the rising costs of construction.

As mentioned earlier, the Group's revenue of RM280.4 million for FY2017 was the highest in its history with property development being the main driver. As of 30 September 2017, the Group's unbilled sales from its ongoing projects in Kuantan, Morib and Kuching were RM296.5 million. These ongoing projects together with the planned launches in the next twelve months should augur well for the Group. The Group will continue to focus on residential products priced below RM300,000 and at the same time, collaborate with strategic partners to enhance and expand its design and build projects.

As for the Group's leisure and hospitality business, the near term outlook for BGRC is expected to continue to remain challenging. Nevertheless, it will continue its efforts to optimise its management and operational efficiencies to enhance profitability. The Group's new theme parks, that are, Langkawi Nature Park and Borneo Samariang Water Park will be coming on stream in early 2018. These two new parks would add scale to the division and are expected to improve its performance.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report and Financial Statements of our Group for the financial year ended 30 September 2017 ("FY2017").

OPERATING ENVIRONMENT

In 2017, the Malaysian economy grew 5.6%, 5.8% and 6.2% consecutively year-on-year ("YoY") for the 1st, 2nd and 3rd quarters of the year. This growth was boosted by strong manufacturing exports and a recovery in commodities and oil prices. The consensus forecast of economists expects the gross domestic product for the whole of 2017 to register a growth rate close to the upper range of the official projection of 5.7%.

As for the overall property market, the 1st half of 2017 saw the overhang of completed units hitting a high of RM12.3 billion, up 40% YoY. Most of these unsold units which were launched several years ago comprise high-rise units with selling prices in excess of RM500,000 per unit. Although consumer confidence had improved and asking prices have come down, the key issues of affordability, rising cost of living and tight financing will have a dampening effect on the property market in the foreseeable future.

CHAIRMAN'S STATEMENT

The issue of affordability has led to an increase in demand for affordable homes (defined by Khazanah Research Institute as a house where the cost is three times the median income) by buyers looking for their first homes. The Malaysian Government is cognisant of this issue and it had been focusing on providing affordable housing in recent years. The recent 2018 Budget provided an allocation of RM2.2 billion for over 50,000 units under its affordable housing programme. In addition, it has also provided financing programmes such as PR1MA to assist first time buyers. This programme has now been extended to eligible private developers to encourage them to increase their volume of affordable houses.

The Malaysian Government has in the 2018 Budget announced the year 2020 as Visit Malaysia Year 2020 and for this initiative, a sum of RM2 billion was allocated as a tourism fund to provide soft loans to small and medium scale enterprises to build capacity in the tourism industry. In addition an allocation of RM500 million would be provided for the development of improved tourism facilities, homestay and eco-tourism programmes.

The above initiatives by the Government are expected to impact positively both our Property Development and Leisure and Hospitality Divisions.

REVIEW OF GROUP'S PERFORMANCE

Despite a challenging operating environment, FY2017 was a good year for our Group as it achieved its highest ever revenue to-date. Our Group's revenue for FY2017 of RM280.4 million was 25.1% higher than that of the preceding financial year ("FY2016"). This increased revenue resulted in our Group achieving a pre-tax profit for FY2017 of RM51.4 million which was more than that of FY2016 by 13.7%.

Our Property Development Division was the main contributor in the Group, accounting for 84.6% and 99.0% of our Group's revenue and profit for FY2017 respectively. All of our ongoing development projects in Kuantan, Kuching and Morib had performed well with high take-up rates during FY2017.

Although the Property Development Division was the major contributor to Group performance in FY2017, I am pleased to report that our Leisure and Hospitality Division had turned around its operating loss of RM89,000 in FY2016 to a pre-tax profit of RM542,000 for FY2017. This turnaround was achieved through improved cost efficiencies.

Further analysis of the Group's financial performance is set out in "Management Discussion and Analysis of Business Operations and Financial Performance" ("MD&A") on pages 5 to 9 of this Annual Report.

CORPORATE DEVELOPMENTS

On 15 November 2017, you as shareholders of our Company approved the following corporate proposals:

(a) a Bonus Issue of up to 52.8 million new ordinary shares in the Company on the basis of one (1) bonus share for every ten (10) existing ordinary shares held at an issue price of 20 sen per share("Bonus Issue"); and

(b) a Renounceable Rights Issue of up to 211.2 million new warrants ("Warrants B") in the Company at an issue price of 25 sen per warrant on the basis of four (4) Warrants B for every ten (10) existing ordinary shares held ("Rights Issue").

The Bonus Issue and the Rights Issue were completed on 13 November 2017 and 12 January 2018 respectively upon the listing of and quotation for the bonus shares and Warrants B on the Main Market of Bursa Malaysia Securities Berhad.

CHAIRMAN'S STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

While our Group is committed to building a sustainable and profitable business, the Board also recognises the importance of our Corporate Social Responsibility ("CSR") towards society and environment when carrying out our business activities. Thus, the Board always strives to maintain a balance between increasing shareholders' wealth and being responsible towards our human capital, society, environment and marketplace.

The key aspects of our CSR initiatives during FY2017 include:

Environment

Both our property development and, leisure and hospitality businesses are heavily regulated by the local and federal authorities from inception to completion. Although we generally do not experience any major environmental concerns, our Group is conscious of complying with all applicable environmental laws, guidelines and regulations.

Our standard operating procedures for environmental management include:

- Preserving, conserving, minimising wastage of resources and ensuring that the work environment is free from pollution hazards.
- Complying with all relevant environmental, health and safety laws and regulations such as Occupational Safety and Health Act, 1994 ("OSHA").
- Communicating clearly to all employees, customers and suppliers to instil in them the environmental awareness, culture and values of our Group.

An example of how we apply the above principles into our day-to-day operations is the significant use of the Industrialised Building System by our construction arm. This system involves using prefabricated components for on-site installation and as a consequence, it not only provide operational advantages and efficiencies but also reduced wastage of building materials, better work place cleanliness and a safer and more organised construction site.

Our Bukit Gambang Safari Park ("BGSP") with more than 3000 animals was built and maintained in full compliance with the requirements of the Wildlife Conservation Act, 2010; and the wellbeing of the animals in captivity are maintained in line with the standards stipulated in the Animal Welfare Act, 2015. These legislations provide strict standards for the protection, management and preservation of biodiversity for optimum benefits.

Workforce

As mentioned above, one of our standard operating procedures involves continuous compliance with OSHA. We strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations.

Apart from safety, the promotion of good health and motivation is an essential part of our Group's responsibility to our employees. Training programs for skills development and improvement are conducted for our employees so they can execute their roles and responsibilities effectively and efficiently and grow in their job.

We consider human capital our greatest asset and will continue to invest in their growth and development. Every employee is given equal opportunity to improve and develop their careers through hard work and dedication.

We also place great importance on hiring the right candidate for the right job. As part of our succession planning, we focus continuously on attracting quality talent who best fit job requirements and can complement our work culture.

Marketplace

Our Group is not only committed to our shareholders' interests but also those of our customers and suppliers. For our customers, we will supply quality homes and services to customers' satisfaction and expectations through continual improvements in technology, processes and services.

To our suppliers, we practise transparent and fair procurement policies so that they will consider us their business partner of choice.

Community

As we are deeply rooted in the communities we serve, we are perennially involved in community outreach programmes and activities. These initiatives may involve philanthropic projects, environmental programs, disaster recovery, education or local infrastructure development.

CHAIRMAN'S STATEMENT

During Ramadhan, we continued with our annual tradition of hosting local orphanages to the breaking of fast in Bukit Gambang Resort City.

In appreciation and recognition of the teaching profession, we offered complimentary passes to BGSP to teachers on Teachers' Day who were treated to a Wild Savannah drive-through experience, animal interaction and feeding, various presentations and entertainment.

For the young people who are our country's future, we work closely with private colleges in providing internships and on-the-job training for their students pursuing hospitality courses. Such internships mutually benefit the interns and the Group.

DIVIDENDS

The Company had consistently paid out dividends since it was listed in early 2012 except for FY2016 due to the monies expended for land procurement during FY2016, the working capital needs of our Group and the need to conserve capital in the then uncertain economic climate.

As detailed in the MD&A, the Group has just completed development of Langkawi Nature Park and is about to complete construction of Borneo Samariang Water Park, whilst Morib Bay Water Park is currently under construction. These developments are very capital intensive in nature and were non-income producing during FY2017. This current mismatch between cost and income was also the reason the Board called for the Rights Issue as mentioned earlier. In view thereof, the Board has after much consideration decided not to recommend the payment of any dividend for FY2017.

The Board also wish to state that it is their intention to resume the payment of dividends at the earliest possible opportunity.

APPRECIATION

On behalf of my fellow Directors, I wish to convey our heartfelt appreciations to all Sentorians for their dedication, loyalty and hard work in overcoming challenges to make FY2017 a profitable year.

I, on behalf of the Board, would also like to express my gratitude to you, our business partners, associates and bankers, for continuing support of and confidence in the Group. Last but not least, my sincere thanks go to our advisors, solicitors, consultants and the relevant government and regulatory authorities for their invaluable assistance and advice throughout FY2017.

DATUK AZNAM BIN MANSOR
Chairman of the Board

16 January 2018

DIRECTORS' PROFILE

DATUK AZNAM BIN MANSOR

59 years of age, Malaysian, Male
Independent Non-Executive Chairman

Datuk Aznam Bin Mansor was appointed an Independent Non-Executive Director and Chairman of the Board on 23 May 2011. He is also a member of our Audit and Risk Management, Remuneration and Nomination Committees.

He graduated with a Bachelor of Arts with Second Class Honours (First Division) degree, having completed a course in Law from the North East London Polytechnic, United Kingdom (now known as University of East London), in 1983. He was admitted to the Honourable Society of the Lincoln's Inn in 1984 and was called to the Malaysian Bar as an Advocate and Solicitor in 1986.

He started his career as an officer in Malayan Banking Berhad. He then left to join Skrine & Co., a legal firm in Kuala Lumpur, and held the position of legal assistant for eight (8) years. Presently, he is a Senior Partner in Lee Hishamuddin Allen & Gledhill, a prominent legal firm in Kuala Lumpur. He also sits on the Board of Mikro MSC Berhad, Benalec Holdings Berhad, Focus Lumber Berhad and Yayasan Tun Hussein Onn.

He attended four (4) out of five (5) Board meetings held during the financial year ended 30 September 2017.

DATO' CHAN KONG SAN

56 years of age, Malaysian, Male
Joint Managing Director

Dato' Chan Kong San, the Group's co-founder, was appointed to the Board on 15 March 1999. He was re-designated as Joint Managing Director on 23 May 2011 and is a member of our Remuneration Committee.

He graduated with a degree in Civil Engineering from University of Texas at Arlington, United States in 1986 and was elected a member of The Institution of Engineers, Malaysia in 1993. He had worked for various consulting firms in Malaysia and other major property development companies before co-founding the Group in 1999.

He attended all five (5) Board meetings held during the financial year ended 30 September 2017.

DATO' GAN KIM LEONG

56 years of age, Malaysian, Male
Joint Managing Director

Dato' Gan Kim Leong, the Group's co-founder, was also appointed as Director on 1 September 1999 and on 23 May 2011, was re-designated as Joint Managing Director.

He obtained a Bachelor of Engineering in Civil Engineering in 1987 and a Master of Business Administration in 1993 from University of Malaya. He was elected a member of The Institution of Engineers, Malaysia in 1993 and was registered as a Professional Engineer of The Board of Engineers Malaysia in 1994.

Upon graduation, he worked in various senior positions in the property development and construction industry before co-founding the Group with Dato' Chan Kong San.

He attended all five (5) Board meetings held during the financial year ended 30 September 2017.

DIRECTORS' PROFILE

MR LEE CHAING HUAT

64 years of age, Malaysian, Male
Senior Independent Non-Executive Director

Mr Lee Chaing Huat was appointed as an Independent Non-Executive Director on 23 May 2011 and on 26 January 2016, he was appointed the Senior Independent Non-Executive Director. He is also the Chairman of our Nomination Committee and a member of our Audit and Risk Management and Remuneration Committees.

He is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. He started his career as an auditor with a top-tier accounting firm. In 1980, he joined the financial sector and had worked in major banks such as The Chase Manhattan Bank (now known as JP Morgan Chase Bank) and Kwong Yik Bank Berhad. Upon the merger of Kwong Yik Bank Berhad and DCB Bank Berhad in 1997, he moved on to the merged entity, RHB Bank Berhad as EVP/Head of Commercial Banking Division. In 2004, he joined Hong Leong Credit Berhad as Group Chief Financial Officer and subsequently, Hong Leong Bank Berhad as Chief Operating Officer/Head of Business Banking Division. In December 2005, he started his own management consultancy and training company.

Mr Lee also sits on the Board of Goldis Berhad and Megasteel Sdn. Bhd..

He attended all five (5) Board meetings held during the financial year ended 30 September 2017.

MR WONG YOKE NYEN

58 years of age, Malaysian, Male
Independent Non-Executive Director

Mr Wong Yoke Nyen was appointed as an Independent Non-Executive Director on 8 October 2012. He is also the Chairman of our Audit and Risk Management Committee and a member of our Remuneration and Nomination Committees.

Mr Wong obtained his Bachelor of Arts with Second Class Honours (First Division), after completing a course in accountancy from City of London Polytechnic, United Kingdom (now known as London Metropolitan University). He is also a graduate of the Wharton Advance Management Program from the Wharton Business School of the University of Pennsylvania, an Ivy League university in the United States.

In 1981, he started his career in Baker Rooke, a firm of chartered accountants in London, where he gained wide experience and exposure in the areas of auditing, accountancy and management consultancy work. In 1983, he joined Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad). He is a seasoned investment banker with more than thirty (30) years of corporate finance and investment banking experience. His last position in investment banking was as Executive Vice President cum Head of Corporate Finance Division of Aseambankers Malaysia Berhad. He has also served as the Honorary Advisor to the Master Builders Association Malaysia from July 2008 to June 2010.

In 2004, he started WYNCORP Advisory Sdn Bhd, a licensed corporate finance advisory services provider and is currently its Managing Director.

He is also an Independent Non-Executive Director of New Hoong Fatt Holdings Berhad, XiDeLang Holdings Limited, Benalec Holdings Berhad and Focus Lumber Berhad.

He attended all five (5) Board meetings held during the financial year ended 30 September 2017.

DIRECTORS' PROFILE

DATO' HJ. ABDUL RAHMAN BIN HJ. IMAM ARSHAD

67 years of age, Malaysian, Male
Independent Non-Executive Director

Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad was appointed as an Independent Non-Executive Director on 1 October 2015. He is presently the Chairman of our Remuneration Committee and a member of our Audit and Risk Management and Nomination Committees.

Dato' Hj. Abdul Rahman graduated with a Bachelor of Arts (Sociology and Anthropology) degree from University of Malaya in 1973 and in 1990, he obtained his Master of Public Administration (MPA) also from University of Malaya.

He started his career as an Assistant Secretary in the Finance Division of the Ministry of Education Malaysia. In 1978, he moved on to the Ministry of Health Malaysia where he served until 1986. During this period, he was the Senior Administrator in the Institute for Medical Research Malaysia. In 1983, Dato' Hj. Abdul Rahman was promoted to the Principal Assistant Secretary in the Procurement Division of the same Ministry. He was then posted to Development Division of the Ministry of Works Malaysia in 1986 where he served until 1988. He then took sabbatical leave for two years to study for his Master of Public Administration (MPA).

In 1990, he was appointed Director of Road Transport Department Malaysia in Perak and in 1995, he became the Director of Johor State Development Office, a department under the Implementation Coordination Unit of the Prime Minister's Department. In 2000, Dato' Hj. Abdul Rahman was transferred to the Pahang State Secretary Office as Director of the State Economic Planning Unit. In 2002, he became the Hon. State Financial Officer of Pahang and in 2004 he was promoted as the Hon. State Secretary of Pahang, a position he held until his retirement in 2006.

He attended four (4) out of five (5) Board meetings held during the financial year ended 30 September 2017.

Notes to Board of Directors' Profile:

1. ***Family Relationship***
   None of the Directors has any family relationship with any other Director and/or major shareholder of the Company.

2. ***Conflict of Interest***
   None of the Directors has any personal interest or conflict of interest in any business arrangement involving the Group.

3. ***Conviction of Offences***
   None of the Directors has been convicted of any offences within the past five (5) years, other than traffic offences (if any) and no public sanctions or penalties were imposed on them by the relevant regulatory bodies during the financial year ended 30 September 2017.

KEY SENIOR MANAGEMENT'S PROFILE

MS LOH POH IM

52 years of age, Malaysian, Female
Chief Financial Officer

Ms Loh Poh Im was appointed as the Chief Financial Officer of the Group on 25 January 2013. She graduated from University of Malaya with a Bachelor of Accounting in 1990 and qualified as a Chartered Accountant in 1993. She is also a member of Malaysian Institute of Accountants. Prior to joining the Group, she was the chief operating officer of a public listed company where she spent seven (7) years. She has also previously worked as an accountant in a multinational company and as the chief financial officer cum director of a public listed company. She has more than twenty six (26) years of experience in financial accounting, taxation, corporate finance and human resources in various industries. She is overall responsible for the Group's financial reporting, treasury, tax and corporate affairs and corporate secretarial matters.

MR YOONG AH CHEONG

54 years of age, Malaysian, Male
General Manager - Property Development

Mr Yoong Ah Cheong joined the Group as General Manager in 2014 and has overall responsibility for the Group's property development division. His tasks include, amongst others, development planning, and projects implementation and delivery. He holds a Bachelor of Civil Engineering Degree from Universiti Teknologi Malaysia and has over thirty (30) years of experience in resorts, residential and mixed-use developments. Prior to joining the Group, he was the Project Director in OSK Property Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

EN ZAHAR BIN ALI

53 years of age, Malaysian, Male
General Manager - Bukit Gambang Resort City

En Zahar was appointed as General Manager of Bukit Gambang Resort City in 2017. His main responsibility in the Group is to manage the overall responsibility business operations of Bukit Gambang Resort City.

En Zahar has more than twenty five (25) years of experience working with various local and multinational companies. Prior to joining the Group, En Zahar was a CEO of Imperia Academy of Tourism Sdn. Bhd.. He graduated in Master of Science in Computing and Information Science from Roosevelt University of Chicago, Illinois, USA and started his career in USA as Franchisee Coordinator. He had worked in IT related of field in a few multinational companies for more than ten (10) years. He started his training and consulting business as a consultant for two (2) years before appointed as COO to a private higher education institute. He was a Group Director of Institutional Segment in INTI International University and Colleges. He was exposed to Six Sigma where he is certified Green Belt, General Electric Leadership program, Kaizen, 5S (Methodology), certified Pembangunan Sumber Manusia Berhad (PSMB) trainer, Great Britain Conglomerate Colleges (GBCC) assessor and Ministry of Tourism and Cultural appointed star rating panel.

None of the above members Key Senior Management has any:

- *directorships in public companies and listed issuers;*
- *family relationship with any Directors and/or major shareholders of the Company;*
- *personal interest or conflict of interest in any business arrangement involving the Group;*
- *conviction for offences within the past five (5) years other than traffic offences (if any); and*
- *public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 September 2017.*

STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code of Corporate Governance 2012 ("Code") sets out the broad principles and specific recommendations on structures and processes which companies should adopt in making good corporate governance an integral part of their business dealings and culture. The Board of Directors ("Board") acknowledges and fully supports the importance of corporate governance in directing and managing the businesses and affairs of the Group, and to safeguard and enhance shareholders' value and performance of the Group.

Securities Commission Malaysia has on 26 April 2017 issued the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). The Group shall report its application of the corporate governance practices pursuant to MCCG 2017 in its 2018 Annual Report for the financial year ending 30 September 2018.

The Board is pleased to disclose below the manner in which it has applied the principles and compliance with the recommended best practices set out in the Code throughout the financial year ended 30 September 2017 ("FY2017").

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(a) Roles and Responsibilities

The Group is led by an experienced and diversified Board which comprises professionals from various fields to bring together a balance of skills, mix of experience and expertise in areas relevant to enhance the growth of the Group's businesses. The Directors collectively bring with them wide and varied technical, financial and legal experiences to enable the Board to lead and control the Group effectively.

The Independent Non-Executive Directors are persons of calibre and credibility with the ability to exercise independent judgment in the Board without fear or favour. Their role is to ensure that any decision of the Board is deliberated fully and objectively with regards to the long term interests of all stakeholders.

The roles of the Chairman and Joint Managing Directors ("JMD") are strictly separated to ensure balance of power and authority and to maintain effective supervision and accountability of the Board and management. The Chairman is responsible for ensuring Board effectiveness and ensures that the conduct and working of the Board is in an orderly and effective manner.

The JMDs take on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group. In addition to executing Board's instructions, they are also responsible for:

- Providing the vision and strategic direction of the Group;
- Formulating and implementing appropriate corporate strategies;
- Ensuring the efficiency and effectiveness of the Group's operations; and
- Assessing potential business opportunities and threats to the Group's businesses.

The Board recognises that effective succession planning is integral to the delivery of the Group's strategic plans. It is essential to ensure a continuous level of quality in key management to avoid instability and to mitigate risks which may be associated with any unforeseen events, such as the departure of a key individual, as well as to promote diversity. Currently, there is an informal succession plan for key management put in place by the JMDs. Going forward, the Board will, with the JMDs, develop a more formal and definitive succession plan.

Notwithstanding the informality of the existing succession plan, the Board is conscious that the Group must secure a pipeline of talented and capable individuals from within the Group who will ultimately progress to key management and/or Board positions. The Group's approach to succession planning encompasses potential succession to all senior positions including that of the JMDs; and considers the identification, development and readiness of potential successors to be of paramount importance. The Board is aware that the Group cannot, at this moment, afford to have candidates who are *Up-Next: Ready Now* for all key positions in the Group. To address this shortcoming, the Group intends to use executive search consultants as and when the need arises.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

(b) Board Charter

The Board has formally adopted a Board Charter that sets out the roles and responsibilities of the Board and the standard of conduct expected of its Directors. The Board's function, amongst others, is to guide the Group on its short and long term goals, providing advice, stewardship and directions on the management and business development of the Group. More information on the Board Charter can be found on the Group's website at www.sentoria.com.my.

The Board's principal responsibilities, amongst others, include:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Group's business and to build sustainable value for shareholders;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- Succession planning;
- Overseeing the development and implementation of a shareholder communications policy for the Group; and
- Reviewing the adequacy and the integrity of the management information and internal control system of the Group including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The roles and responsibilities of the Board and Management are clearly defined. The following matters (including any changes thereof) require approval from the Board, except where they are expressly delegated by the Board to a Board committee, the Chairman, JMDs or a nominated member of Executive Management:

- Corporate/strategic directions/plans and programmes;
- Annual operating and capital expenditure budgets;
- New business ventures;
- Acquisitions and disposals of material undertakings and properties or any significant expenditure which exceeds the authority limits delegated to the JMDs;
- Changes to the management and control structure within the Group, including key policies and delegated authority limits;
- Appointment of all Board's and Board committee members, Managing Directors and Company Secretary/ies;
- Any matters in excess of any discretions that it may have delegated from time to time to the JMDs and Executive Management;
- Terms of reference of Board committees; and
- Any matters and/or transactions that are within the ambit of the Board pursuant to the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities ("Bursa Securities"), the Company's Constitution, or any other applicable regulatory rules and regulations.

(c) Access to Information and Advice

A pre-scheduled annual calendar of the Board meetings is circulated and confirmed by the Board at the beginning of each calendar year to provide ample time for the Directors to plan their attendance. The Board meets at least four times a year, with additional meetings convened on an ad-hoc basis as and when the Board's approval and guidance are required. Upon consultation with the Chairman and the JMDs, the notices of meetings and agenda are sent to the Directors electronically at least one week in advance and Board meeting papers are delivered electronically and in hard copies at least three days prior to the meetings. This would enable the Directors to have adequate time to peruse the matters to be deliberated upon and if necessary, further information are provided at the meeting for deliberation to enable informed decision making. Any Director may request for matters to be included in the agenda.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

(c) Access to Information and Advice (Cont'd)

The Board meeting papers include, amongst others, the following documents or information:

- Reports of meetings of all committees of the Board including matters requiring the Board's deliberation, approval and notation;
- Performance reports of the Group, which include information on financial, strategic business issues and updates;
- Major operational, financial, legal, regulatory and corporate issues; and
- Any other matters which require discussion/approval.

Members of Executive Management are also invited to join Board meetings to provide explanations or to engage in dialogue with Board members as and when required. All deliberations, discussions and decisions of the Board meetings were minuted and recorded accordingly. All proceedings of the Board meetings are signed by the chairperson of the meeting concerned or the chairperson of the next meeting pursuant to Article 133 of the Company's Constitution.

All Directors have unrestricted access to Executive Management, the service and advice of the Company Secretaries, and the Internal and External Auditors (via the Audit and Risk Management Committee ["ARMC"]). The Directors may also seek independent professional advice if necessary, at the Group's expense to enable them to discharge their duties and responsibilities.

The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators and their tasks include, but are not limited to the following:

- Manage all Board and Board committee meeting logistics, attend and record minutes of all Board and Board committee meetings and facilitate Board communications;
- Advise the Board on its roles and responsibilities;
- Facilitate the orientation of new Directors and assist in Directors' training and development;
- Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- Manage processes pertaining to the annual shareholder meeting;
- Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Non-Executive members of the Board are kept updated on the Group's activities and operations by the JMDs and/or the Chief Financial Officer on a regular basis. The Directors also have the right of access to all financial and non-financial reports on the Group's activities.

The Directors received updates from time to time on relevant new laws and regulations. Visits by the Directors to the Group's businesses were also arranged to enhance their knowledge of the Group's businesses as well as better awareness of the risks associated with the Group's operations.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

(d) Whistle-blowing and Code of Conduct and Ethics

The Board recognises the importance of whistle-blowing and is committed to maintaining the highest standards of ethical conduct within the Group. In line with this commitment, the Board has instituted the Whistle-blowing Policy and the Code of Conduct and Ethics which reflects the Group's vision and core values of integrity, respect and trust.

The Code of Conduct and Ethics governs the conduct of the Directors and all employees of the Group and provides guidance on the communication process and the duty to report whenever there are any breaches. Each Director is to communicate any suspected violations of the code to the ARMC Chairman and all violations will be investigated by the Board or persons designated by the Board.

As prescribed in the Whistle-blowing Policy, the Board and Executive Management gave their assurance that employees' and third parties' identities will be kept confidential and that the whistle-blowers will not be at risk to any form of victimisation or retaliation from their superiors or any member of Executive Management provided that their reporting were in good faith. All concerns raised will be investigated and whistle-blowers can report directly to the ARMC Chairman.

Further details on the Whistle-blowing Policy and the Code of Conduct and Ethics are set out in the Board Charter and can be viewed on the Group's website at www.sentoria.com.my. This policy and code are reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

(e) Sustainability

Sustainability efforts and initiatives are embedded in the day-to-day operational activities or through specially organised programs on sustainability. The achievement of a satisfactory balance on bottom-line growth as well as the welfare safeguard of people, environment and community within a harmonious state of the environment will benefit the shareholders, investors, operating environment, society, employees, customers, business partners, contractors, suppliers and other stakeholders.

The Group is mindful of the importance of business sustainability in developing the business operations and corporate strategy of the Group. In this respect, the Board has always ensured that all aspects of the Group's business which have direct and indirect impacts on the environment, workforce, marketplace and community are optimised with the interest of the Group's stakeholders in mind.

PRINCIPLE 2: STRENGTHEN COMPOSITION

To assist the Board to discharge its role and functions effectively, the Board has established the following committees:

1. The ARMC

The Audit Committee was renamed ARMC during FY2017 in view of the Board's decision to empower it to directly oversee the Group's risk management framework and policies and its implementation. The information on the ARMC is set out in the ARMC Report on pages 35 to 37 of this Annual Report and its terms of reference are available on the Group's website at www.sentoria.com.my.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2: STRENGTHEN COMPOSITION (Cont'd)

2. The Nomination Committee

The Nomination Committee comprises the following four Directors during FY2017:

Mr Lee Chaing Huat - Chairman *(Senior Independent Non-Executive Director)*
Datuk Aznam bin Mansor *(Independent Non-Executive Chairman of the Board)*
Mr Wong Yoke Nyen *(Independent Non-Executive Director)*
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad *(Independent Non-Executive Director)*

The Nomination Committee is primarily empowered by its terms of reference in carrying out the following functions amongst others, that is to review annually the required mix of skills, gender and age diversity, experience and other qualities of the Directors and to recommend new appointments, if any, to the Board.

Candidates who fulfilled the requirements prescribed under the relevant laws and regulations may be proposed by the JMDs or any Director to the Nomination Committee for appointment as Director. In assessing the suitability of any candidate for directorship, the Nomination Committee will take into consideration, amongst other things, the candidate's reputation, educational background, skills, knowledge, expertise, competence and experience that is in line with the Group's business operations, age, time commitment, independence and integrity.

The Nomination Committee also makes the necessary background checks on the potential candidates' character and history prior to submitting its recommendations to the Board for approval.

The Group does not have a formal gender diversity policy. Although the Company is not a "Large Company" as defined in MCCG 2017, the Nomination Committee is conscious of the best practice in MCCG 2017 for it to have at least 30% women Directors. However, the Nomination Committee as well as the Board believes that given the current state of the Group's development, it is more important to have the right mix of skills on the Board rather than attaining the percentage concerned.

Although there is no women representation on the Board, the Board is committed to provide fair and equal opportunities whilst nurturing diversity at all levels within the Group. In this respect, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally during recruitment, promotion, remuneration and training. The Board is also committed to workplace diversity ensuring that we value and respect our differences and that our workplace is fair, accessible, flexible and free from discrimination.

The Nomination Committee assesses the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director annually. This assessment is internally facilitated and conducted on a peer and self-evaluation basis through questionnaires circulated to the Directors covering the following aspects associated with Board's and Board committees' effectiveness:

(i) Board and Board committees (other than the Audit Committee)
- Mix and composition
- Quality of information and decision making
- Activities

(ii) Audit Committee
- Quality and composition
- Skills and competencies
- Meeting administration and conduct

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2: STRENGTHEN COMPOSITION (Cont'd)

2. The Nomination Committee (Cont'd)

Completed questionnaires and the results of the evaluations are collated into a report and provided to all Directors. The results are deliberated by the Nomination Committee and subsequently by the Board and key issues arising thereon are identified for further action to be taken by Executive Management.

A Director who is subject to re-election and/or re-appointment at an Annual General Meeting ("AGM") is assessed by the Nomination Committee before a recommendation is made to the Board and shareholders for his/her re-election and/or re-appointment.

Based on the assessment undertaken for FY2017, the Nomination Committee (save for the members who abstained from deliberations on their own re-election) recommended to the Board that the following Directors who are due to retire pursuant to Article 86 of the Company's Constitution be proposed for re-election at the forthcoming 19th AGM:

- Dato' Chan Kong San
- Mr Wong Yoke Nyen

The Board (save for the members who abstained from deliberations on their own re-election) supported the Nomination Committee's recommendations.

The Nomination Committee also has to ensure that all Directors undergo the appropriate induction programmes and receive continuous training.

During FY2017, the Nomination Committee held one meeting and details of the meeting attendance of its members were as follows:

Name of Director	Number of meetings attended/Number of meetings held
Mr Lee Chaing Huat	1/1
Datuk Aznam bin Mansor	1/1
Mr Wong Yoke Nyen	1/1
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	1/1

The Nomination Committee is satisfied with the contribution and performance of each individual Director and the Board is satisfied that all Independent Directors complied with the criteria of independence based on the MMLR.

3. The Remuneration Committee

The Remuneration Committee comprises the following five Directors during FY2017:

Dato' Hj. Abdul Rahman bin Hj. Imam Arshad - *Chairman (Independent Non-Executive Director)*
Mr Lee Chaing Huat *(Senior Independent Non-Executive Director)*
Datuk Aznam bin Mansor *(Independent Non-Executive Chairman of the Board)*
Dato' Chan Kong San *(JMD)*
Mr Wong Yoke Nyen *(Independent Non-Executive Director)*

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2: STRENGTHEN COMPOSITION (Cont'd)

3. The Remuneration Committee (Cont'd)

The Remuneration Committee's primary responsibility is to ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of the Director concerned and that it must be sufficient to attract and retain Directors needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and the individual Director is required to abstain from discussing his/her own remuneration. The Remuneration Committee meets at least once a year.

The Remuneration Committee's recommended remuneration for Directors is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors.

In relation to fees for Directors, it will be presented at the AGM for shareholders' approval. All Non-Executive Directors receive an annual fee upon shareholders' approval at the AGM. The Remuneration Committee has re-considered the payment of Directors' fees on an annual basis in the light of current industry practices and has recommended to the Board that the Non-Executive Directors be paid a monthly fixed fee with effect from 1 April 2018 until the conclusion of the 20th AGM. The Board concurred with the Remuneration Committee's recommendation and the proposal concerned will be tabled for shareholders' approval at the forthcoming 19th AGM.

Apart from fees, the Non-Executive Directors were also paid attendance allowances to defray their travelling and other incidental costs for attending Board, Board committees and shareholders meetings. As required by Section 230(1) of the Companies Act 2016, these allowances from 1 February 2017 until the conclusion of the 20th AGM will also be tabled for approval at the forthcoming 19th AGM.

Individual Directors do not participate in decisions regarding their own remuneration package. The Remuneration Committee is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors.

During FY2017, the Remuneration Committee held one meeting and the details of the meeting attendance of its members were as follows:

Name of Director	Number of meetings attended/Number of meetings held
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	1/1
Mr Lee Chaing Huat	1/1
Datuk Aznam bin Mansor	1/1
Dato' Chan Kong San	1/1
Mr Wong Yoke Nyen	1/1

The meeting was held to deliberate on the remuneration of the Directors and the change in the mode of payment of Directors' fees before recommending them for the Board's approval.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2: STRENGTHEN COMPOSITION (Cont'd)

3. The Remuneration Committee (Cont'd)

The aggregate remuneration paid or payable to all Directors for FY2017 is as follows:

Company	Fee	Salaries	Bonus	Other emoluments	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors	-	192	16	40	27	275
Non-Executive Directors	384	-	-	54	-	438
	384	192	16	94	27	713

Group	Fee	Salaries	Bonus	Other emoluments	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors	-	6,072	506	1,251	27	7,856
Non-Executive Directors	384	-	-	54	-	438
	384	6,072	506	1,305	27	8,294

The number of Directors in office at the end of FY2017 and their total remuneration for FY2017 from the Group are categorized into the various bands as follows:

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
Up to RM100,000	-	-
RM100,001 - RM150,000	-	4
RM150,001 - RM3,900,000	-	-
RM3,900,001 - RM3,950,000	2	-

PRINCIPLE 3: REINFORCE INDEPENDENCE

The majority of the Board comprises Independent Non-Executive Directors who are essential to bring an objective and independent judgment to facilitate a balanced leadership in the Group. There are six members on the Board, comprising two JMDs and four Independent Non-Executive Directors. This composition is in compliance with Paragraph 15.02(1) of the MMLR which stipulates that at least two Directors or ⅓ of the Board, whichever is higher, must be Independent Directors. The Chairman of the Board is an Independent Non-Executive Director.

The appointment of any additional Director is to be made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee with due consideration given to complement expertise and experience required for an effective Board.

In accordance with the Company's Constitution, a re-election of Directors shall take place each year during the AGM. All Directors shall retire from office at least once every three years, and shall be eligible for re-election, if so desired. At the forthcoming 19th AGM, Dato' Chan Kong San and Mr Wong Yoke Nyen will be standing for re-election pursuant to Article 86 of the Company's Constitution.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 3: REINFORCE INDEPENDENCE (Cont'd)

The profiles of these Directors are set out in the Directors' Profile on pages 14 to 16 of this Annual Report.

Any new or additional director appointed by the Board during the year shall hold office until the next AGM and shall then be eligible for re-election.

The Board recognises the importance of independence and objectivity in the decision making process. Each of the Independent Non-Executive Directors has declared his personal independence to the Board based on the criteria as set out in Paragraph 1.01 and Practice Note 13 of the MMLR.

During FY2017, the Board had assessed and concluded that all the Independent Non-Executive Directors remain objective and independent based on the above criteria.

As recommended by the Code, the tenure of directorship should also form part of the assessment criteria of a Director. As of the date of the forthcoming 19th AGM, all Independent Non-Executive Directors have been in office for not more than nine years.

PRINCIPLE 4: FOSTER COMMITMENT

The members of the Board are mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Thus, each Director is expected to commit sufficient time and required to notify the Chairman and the Board prior to accepting any additional appointment of directorships in other public listed companies. The notification shall include an indication of time commitment required under the new appointment as recommended by the Code to ensure that the Directors have sufficient time to discharge their duties to the Board and the various Board committees on which they serve. The Director must advise the Board and the Company Secretary/ies of any changes to these commitments and the Company Secretary/ies are to monitor the changes, if any, of each Director.

Each of the present members of the Board have complied with the MMLR requirement of not holding more than five directorships in listed companies and the Board is satisfied that the current number of other directorships held by the Directors does not impair their ability in discharging their responsibilities to the Company.

In addition, as shown in the table below, each Director has complied with the MMLR requirement of attending not less than 50% of the Board meetings held during FY2017. This demonstrates that each Director has devoted sufficient time and commitment to carry out his duties and responsibilities.

A total of five Board meetings were held during FY2017 and the summary of attendance by the Directors at these meetings is as follows:

Name of Director	Status of directorship	Number of meetings attended/Number of meetings held	Percentage of attendance (%)
Datuk Aznam bin Mansor	Independent Non-Executive Chairman	4/5	80
Dato' Chan Kong San	JMD	5/5	100
Dato' Gan Kim Leong	JMD	5/5	100
Mr Lee Chaing Huat	Senior Independent Non-Executive Director	5/5	100
Mr Wong Yoke Nyen	Independent Non-Executive Director	5/5	100
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	Independent Non-Executive Director	4/5	80

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4: FOSTER COMMITMENT (Cont'd)

A newly appointed Director must attend and successfully complete the Mandatory Accreditation Programme as specified by Bursa Securities. Orientation that include visits to the Group's business operations and meetings with key management, where appropriate, are organised for newly-appointed Directors to facilitate their understanding of the Group's operations and businesses.

The Board is aware that continuous training for the Directors is vital to assist them in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to supplement their knowledge in the latest developments and issues relevant to the Group, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors during FY2017 were as follows:

Name of Director	Training Programmes/Seminars/Conferences Attended
Datuk Aznam bin Mansor	• International Conference on Financial Crime and Terrorism Financing (IFCTF) 2016 • Launch of the AGM Guide & CG Breakfast Series - How to Leverage on AGMs for Better Engagement with Shareholders • Malaysian Code on Corporate Governance • Bursa Risk Management Programme – I am Ready to Manage Risks
Mr Lee Chaing Huat	• AmBank - Loan Products & Business Identification • Hong Leong Bank - Biz Lending Fundamentals • Price Waterhouse - 2017 Key Tax Proposal
Mr Wong Yoke Nyen	• China's One Belt, One Road (OBOR) Initiative : The Rise of East Asia and Pacific
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	• Driving Financial Integrity & Performance - Enhancing Financial Literacy
Dato' Chan Kong San	• Board Excellence - How to Engage and Enthuse Beyond Compliance with Sustainability
Dato' Gan Kim Leong	• Managing Your Tax Affairs in the Current Economic Environment

The Board will continue to evaluate and determine the training needs of the Directors to enhance their knowledge and at the same time, update them with latest developments of the Group's business and industry so as to further facilitate the effectiveness of their roles and responsibilities.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board endeavours to present clear, balanced and comprehensive financial statements that provide a true and fair view of the financial state of affairs and performance of the Company and Group for each of the financial quarter and year in accordance with accounting standards, the Companies Act 2016 and the MMLR. Before presenting these financial statements, the Directors took the necessary steps to ensure that the Company and the Group adopt and apply appropriate accounting policies consistently, and that judgments and estimates made by Executive Management are reasonable and prudent.

In addition, the Board also ensured that:

- the going concern basis is applied; and
- the accounting records are kept with reasonable accuracy.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING (Cont'd)

The ARMC assists the Board in overseeing the integrity of the Group's financial reporting and the operation of the financial reporting processes. These processes are to provide the assurance that all financial statements are prepared in accordance with the applicable accounting standards and legal requirements so as to give a true and fair view of the financial position of the Company and the Group. Further details on the work performed by the ARMC in furtherance of the above oversight are set out in the ARMC Report on pages 35 to 37 of this Annual Report.

The Board maintains a transparent and professional relationship with the External Auditors, with the ARMC responsible for recommending the appointment or removal of the External Auditors and the terms of their engagement to the Board.

As set out in its terms of reference, the Audit And Risk Management Committee shall meet the External Auditors at least twice a year to discuss any issues that may arise from their audit as well as any matters which the External Auditors may wish to bring to the attention of the ARMC without the presence of Executive Management. During FY2017, the ARMC had two private sessions with the External Auditors in the absence of Executive Management to deliberate on views and opinions in relation to the Group's audit and financial reporting.

The ARMC is responsible to review, assess and monitor the performances, suitability and independence of the External Auditors on behalf of the Board. The AMRC will, prior to the commencement of the annual audit, the ARMC will seek confirmation from the external auditors as to their independence. This independence would also be re-affirmed by the External Auditors to the ARMC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants ("MIA").

The External Auditors provide mainly audit-related services to the Group but can also undertake non-audit services provided that such services do not impair their objectively, judgement or independence. In this respect, the External Auditors must provide written assurance on their independence on accepting non-audit services assignments from the Group. Additionally, the External Auditors are expected to comply with the bye-laws of the MIA in relation to their provision of non-audit services.

The ARMC has, on behalf of the Board, considered the provision of non-audit services to the Group during FY2017 and opined that these services did not compromise nor impair the External Auditors' independence and objectivity.

Based on the ARMC's assessment of the External Auditors, the Board is satisfied with the quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for FY2017. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of the shareholders at the forthcoming 19th AGM.

The internal audit function is outsourced to an independent professional consulting firm to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group. The Internal Auditors' independence was maintained by reporting functionally to the Board through the ARMC and administratively to Executive Management. Internal Audit Reports which are issued to Executive Management are tabled to the ARMC for review and Executive Management is required to be present at ARMC meetings to respond and provide feedback on the audit findings and recommended improvements. In addition, Executive Management is also required to present to the ARMC on a quarterly basis, status updates on significant matters and changes in key processes that could impact the Group's operations.

The ARMC has, on behalf of the Board, evaluated the competency and independence of the Internal Auditors and their resources to address the risk areas set out in their audit plan for FY2017 and is satisfied that the internal audit function has been satisfactorily discharged.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

The Board is responsible for the Group's risk management framework as well as the establishment and continuous development of key policies and procedures pertaining to the system of internal control; so as to provide reasonable assurance of effective and efficient business operations, management of risks, safeguarding of assets, generation and retention of accurate financial records including the compliance with applicable laws and regulations. The oversight of these tasks had been delegated by the Board to the ARMC.

Executive Management is responsible for promoting and applying the Group's Risk Management Policy. This entails identifying and assessing business and operational risks, developing and implementing appropriate risk mitigation measures, monitoring the effectiveness of risk controls and reporting on risk management capability and performance.

The key management personnel in each functional/operating unit are the "risk owners" responsible for managing and responding to the risks in their respective unit. These risk owners report to the Risk Management Committee which is responsible for the Group's risk management process, development of risk management capability and policies, and providing risk management reports on the implementation of said policies to the ARMC.

The Group's inherent system of internal control and risk management framework are designed to manage rather than eliminate the risk of failure to achieve the Group's corporate objectives as well as to safeguard shareholders' interests and the Group's assets.

The Board also reviews all significant litigation, actions, transactions and issues, papers and reports to external parties which may impact the Group directly or indirectly. This is to prevent any adverse public, government or regulatory effects arising therefrom. The ARMC also works closely with the Internal and External Auditors to review and improve the system of internal control from time to time. Details of the Group's risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control on pages 32 to 34 of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is committed to ensuring that communications to shareholders and the investing public in general, regarding the businesses, operations and financial performance of the Group are timely and factual and are available on an equal basis. The Board's commitment to continuous disclosure and the procedures and processes to be followed in ensuring compliance are set out in its Corporate Disclosure Policy. The full text of this policy can be found on the Group's website at www.sentoria.com.my.

The releases of announcements and information by the Group to Bursa Securities are handled by the Chief Financial Officer, Head of Corporate Communications or the Company Secretaries within the prescribed requirements of the MMLR and the Corporate Disclosure Policy. As these announcements and information can be price-sensitive, they can only be released after having reviewed by the JMDs and the Board where necessary.

The Group uses a range of communications to disseminate its information to the public and this includes the uploading of all relevant information on the Group on its website at www.sentoria.com.my.

The corporate website provides all relevant information to shareholders and the investing community. Media releases, analyst reports, quarterly and annual financial statements, announcements, share and financial information, annual reports and circular/statements to shareholders are made available in a dedicated section for investors.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognises that shareholders are the ultimate owners of the Company and as such, they are entitled to receive timely and quality information on their investment in the Company. At the same time, prospective investors need the same information so that they can make informed investment decisions when considering the purchase of securities in the Company.

The AGM serves as a principal form for dialogue with shareholders. All shareholders are encouraged to attend the AGM, where they can participate and given the opportunity to ask questions and vote on important matters affecting the Group, including the election/re-election of Directors, business operations, financial performance and position of the Group. Members of the Board as well as Executive Management will be present to answer questions raised by the shareholders. The External Auditors will also attend the AGM to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Company and their independence.

The notice of the forthcoming 19th AGM will be despatched to shareholders at least 28 days before the date of the meeting as prescribed by the MCCG 2017 and the said notice will also be advertised in a leading English daily newspaper.

The Company shall conduct the forthcoming 19th AGM by poll or electronic voting ("e-voting") instead of voting by show of hands as practised previously in compliance with the MMLR. The outcomes of the polls on the proposed resolutions will be disclosed to the market and posted on the Group's website after the AGM.

The Board has also identified our Senior Independent Non-Executive Director, Mr Lee Chaing Huat (e-mail address: leech@sentoria.com.my) to whom any queries and concerns relating to the Company may be conveyed.

To the investing community, the Group strives to enhance its communication with it through various investor relations initiatives. These initiatives serve to provide the investing community a balanced and comprehensive view of the Group's financial and operational performances.

Other than through the issuance of its Annual Reports and the corporate website, the Group has been disseminating relevant and material information through the following channels:

- Quarterly financial results announcements;
- Media releases;
- Analysts' briefing presentations;
- Site visits; and
- In-house meetings including conference calls and briefings.

STATEMENT ON CORPORATE GOVERNANCE

ADDITIONAL DISCLOSURE REQUIREMENTS PURSUANT TO THE MMLR

Utilisation of Proceeds Raised from Corporate Proposals

The only fund raising corporate proposal carried out by the Group during FY2017 was the Renounceable Rights Issue of up to 211.2 million new warrants ("Warrants B") at an issue price of 25 sen per warrant approved by the shareholders of the Company on 15 November 2017. This proposal was completed on 12 January 2018 with the listing of and quotation for 205,867,236 Warrants B on the Main Market of Bursa Securities.

In view thereof, there was no utilisation of proceeds from fund raising corporate proposal by the Group during FY 2017.

Material Contracts

Save for the related party transactions as disclosed in Note 31 to the financial statements, neither the Company nor any of its subsidiary companies have entered into any material contracts which involved the Directors' and/or major shareholders' interests, which were still subsisting at the end of FY2017 or which were entered into since the end of the previous financial year ended 30 September 2016.

Audit and Non-Audit Fees

The audit fees paid or payable by the Company and the Group to the external auditors for FY2017 amounted to RM30,000 and RM243,000 respectively. As for non-audit fees incurred for services rendered to the Company and the Group by the External Auditors or a firm or corporation affiliated to the External Auditors during FY2017, the amount concerned was RM4,000 for the Company and the Group.

This Statement on Corporate Governance is made in accordance with a resolution of the Board dated 16 January 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control which has been prepared in accordance with the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Guidelines") is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad ("Listing Requirements").

BOARD RESPONSIBILITY

The Board of Directors ("Board") acknowledges that risk management and internal control are integral to corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The Board recognises that the Group's risk management framework and internal control system are designed to manage the Group's risks within its acceptable risk appetite, rather than to eliminate the risk of failure to achieve the Group's business and corporate objectives. As risks are inherent in all business activities, the said framework and system provide reasonable, rather than absolute assurance against the risks of material misstatement of financial information or against financial losses and fraud or breaches of laws or regulations.

The Board confirms that there is an ongoing risk management process established to identify, evaluate and manage significant risks to mitigate the risks that may impede the achievement of the Group's business and corporate objectives.

The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Audit and Risk Management Committee ("ARMC").

RISK MANAGEMENT

The risk management framework is outlined in the Group's Risk Management Policy. The framework adopts a structured and integrated approach in managing key business risks with the aim of safeguarding the Group's assets and the shareholders' interests.

The ARMC reviews the adequacy and effectiveness of the risk management process on a half yearly basis. In this respect, it is assisted by the Risk Management Committee ("RMC") comprising the Joint Managing Directors ("JMDs") and the Chief Financial Officer ("CFO") (who also acted as the Chief Risk Officer) to identify and assess risks as well as to ensure that the risk management processes are adequate and effective. All policies and procedures formulated to identify, measure and monitor various risk components are reviewed and recommended by the RMC to the ARMC. Additionally, the ARMC reviews and assesses the adequacy of risk management policies and ensures that the infrastructure, resources and systems are in-place for implementing the risk management processes.

The risk management processes involve the key management staff in each functional/operating unit of the Group and are managed by the RMC. The risks identified remain the foundation in developing a risk profile and the action plans to assist key management to manage and respond to these risks.

During the current financial year ended 30 September 2017 ("FY2017"), the internal auditors assisted the RMC to re-assess and re-evaluate the Group's risk profile and as a consequence, the Group's key business risks were identified or reaffirmed. Following this update, the risk owners together with the RMC developed the measures to be implemented to deal with these risks.

The Group's risk management practices are business driven and the processes in identifying, evaluating and managing significant risks facing the Group are embedded into its culture and operations. These processes are driven by the JMDs and are responsive to changes in the business environment and are clearly communicated to all levels, via management meetings (formal and informal) and discussions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEM

The Board acknowledges the importance of the internal audit function and is committed to articulating, implementing and reviewing the Group's system of internal control. The internal audit function has been outsourced to an independent professional service provider to assist the ARMC in discharging their responsibilities and duties. To ensure independence, the internal auditors report directly to the ARMC.

During FY2017, the internal audit of the Group was carried out in accordance with a risk-based audit plan approved by ARMC. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control to ensure that the internal controls are viable and robust. The audit findings and where necessary, the recommended improvements, are presented to the ARMC at their quarterly meetings. In addition, the internal auditors also carried out follow-up reviews to ensure their recommendations for improvements to internal controls are implemented.

The key elements of the Group's system of internal control include:

1. A well-defined organisation structure with clearly defined lines of responsibility, authority and accountability;
2. Approval and authority limits are imposed on key management in respect of day-to-day operations and major non-operating transactions;
3. The Board and the ARMC meet every quarter to discuss financial performances, business operations and strategies, corporate updates and internal audits findings;
4. Regular training and development programs are attended by employees to enhance their knowledge and competency;
5. Management financial statements and reports are prepared regularly for monitoring of actual performance by the JMDs and senior management;
6. Key functions such as finance, taxation, treasury, corporate secretarial and compliance and legal matters are controlled centrally from Head Office;
7. A fully independent ARMC comprising exclusively Independent Directors with full and unrestricted access to both internal and external auditors; and
8. The quarterly financial results and yearly audited financial statements are reviewed by the ARMC prior to their approval by the Board.

ASSURANCE

The Board has reviewed the adequacy and effectiveness of the Group's risk management framework and system of internal control for FY2017 and up to the date of this Statement and is of the view that the risk management process and system of internal control are in place for the period covered by this Statement is adequate and effective.

Executive Management is accountable to the Board for the identification of material risks relevant to the business of the Group, implementation and maintenance of sound risk management practices and internal controls and the monitoring thereof. Any significant control deficiencies and changes in risks that could affect the Group's objectives and performance are reported to the Board half-yearly or as and when required.

The JMDs and the CFO have provided assurance to the Board that the Group's risk management processes and internal control system were operating adequately and effectively in all material aspects, and that there were no material losses incurred as a result of any weaknesses in internal controls that would require disclosure in this Annual Report.

The Board and Executive Management will continuously improve and enhance the system of internal control to ensure its adequacy and relevance in safeguarding the shareholders' interests and the Group's assets.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Review of this Statement by the External Auditors

As required by Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement. Their review procedures were performed in accordance with Recommended Practice Guide 5 (Revised): Guidance for Auditors on the Review of Statement on Risk Management and Internal Control (“RPG 5”), issued by the Malaysian Institute of Accountants.

RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management process and system of internal control. RPG 5 also does require the external auditors to consider whether the processes described to deal with the material internal control aspects of significant problems, if any, disclosed in this Annual Report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 16 January 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit Committee which was established to act as a committee of the Board of Directors ("Board") was renamed "Audit and Risk Management Committee" ("ARMC") during the financial year ended 30 September 2017 ("FY2017"). This was in view of the Board's decision to empower it to directly oversee the Group's risk management framework and policies and its implementation. In addition, it also assists the Board in fulfilling its fiduciary duties in relation to:

- Assessing the processes in relation to the risk and control environment
- Overseeing the financial reporting function
- Evaluating the internal and external audit processes

The ARMC is guided by its terms of reference which can be viewed on the Company's website at www.sentoria.com.my.

MEMBERSHIP AND MEETINGS

The members of the ARMC during FY2017 and as of the date of this Report together with their attendance record at meetings held during FY2017 are as follows:

Name	Designation	Status of Directorship	No. of meetings attended/No. of meetings held
Mr Wong Yoke Nyen	Chairman	Independent Non-Executive Director	5/5
Datuk Aznam bin Mansor	Member	Independent Non-Executive Director	4/5
Mr Lee Chaing Huat	Member	Senior Independent Non-Executive Director	5/5
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	Member	Independent Non-Executive Director	4/5

Whilst the ARMC's terms of reference requires the ARMC to meet at least 4 times in a financial year, it met 5 times during FY2017. The Company Secretaries who are also the Secretaries to the ARMC were in attendance during the meetings. The Chief Financial Officer and other officers, if necessary, were invited to the meetings to deliberate on matters within their purview.

After each meeting, the ARMC Chairman submits a report on matters deliberated to the Board for their reference and notation. Matters reserved for the Board's approval are tabled at Board meetings. The Company Secretaries document the decisions made and actions required and forward them to Executive Management for their action.

SUMMARY OF ARMC'S ACTIVITIES

The following activities were carried out by the ARMC in the discharge of its functions and duties to meet its responsibilities for FY2017:

(a) Financial Results

- Reviewed and recommended the quarterly financial results of the Group (including announcements) and the annual financial statements of the Group and Company for the Board's approval.
- Deliberated on significant matters raised by the External Auditors including financial reporting issues, significant decisions made by Executive Management, significant transactions and management reports and updates on actions recommended by the External Auditors.
- Deliberated on changes in or implementation of major accounting changes and compliance with accounting standards and other legal requirements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ARMC'S ACTIVITIES (Cont'd)

(b) External Audit

- Reviewed and approved the External Auditors' scope of work and audit plan prior to the commencement of the annual audit.
- Analysed and reviewed the proposed external audit fees for approval of the Board.
- Analysed and reviewed the non-audit fees and related costs in respect of non-audit services rendered by the External Auditors to ensure that their independence is not impaired.
- Reviewed and discussed with the External Auditors, the changes in or implementation of major accounting policies, significant matters arising from the audit, significant decisions made by Executive Management, significant transactions, compliance with accounting standards and other legal and regulatory requirements and how all these matters are dealt with, and the Audit Report; and reported same to the Board.
- Evaluated the performance, suitability and independence of the External Auditors and recommended their re-appointment to the Board for approval.
- Had on two occasions in FY2017, engaged the External Auditors in private meetings without the presence of Executive Management.

(c) Internal Audit

- Reviewed and approved the internal audit plan and the Internal Auditors' scope of work.
- Reviewed and discussed with the Internal Auditors, their audit findings and issues arising during the course of audit and reported the same to the Board.
- Reviewed the adequacy and effectiveness of corrective actions taken by Executive Management on all significant matters raised by the Internal Auditors.
- Evaluated the competency and independence of the Internal Auditors and their resources to address the risk areas set out in their audit plan.

(d) Related Party Transactions

- Reviewed significant related party transactions to ensure that they are fair, reasonable, on normal commercial terms, not detrimental to the minority shareholders and in the best interests of the Group.
- Reviewed the procedures and processes to monitor, track and identify recurrent related part transactions of a revenue and trading nature ("RRPT").
- Reviewed the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for RRPT on behalf of the Board for issuance to the shareholders for the forthcoming 19th Annual General Meeting of the Company.

(e) Annual Report

- Reviewed and issued this Report for inclusion in the FY2017 Annual Report.
- Reviewed the Statement on Risk Management and Internal Control, Statement on Corporate Governance and Management Discussion and Analysis of Business Operations and Financial Performance on behalf of the Board for inclusion in the FY2017 Annual Report.

(f) Risk Management

- Reviewed (i) the risk profile update report compiled by Executive Management to identify new key business risks and to re-affirm existing risks; and (ii) the resultant risk registers setting out the measures to address the new risks.
- Reviewed the adequacy and effectiveness of the risk management process in identifying and assessing risks with and the reports submitted by the Group's Risk Management Committee ("RMC") twice during FY2017.
- Reviewed and assessed the adequacy of the risk management policies in place and ensured that the necessary infrastructure, resources and systems are in-place for implementing the risk management process.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional consulting firm to assist the ARMC in discharging their responsibilities and duties. The role of the internal audit function is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance to the ARMC that such systems continue to operate satisfactorily and effectively in the Group.

On a quarterly basis, the Internal Auditors present their Internal Audit Reports, which include their findings and recommendations for improvements, to the ARMC for its review and deliberation. The ARMC also appraised the adequacy of the comments, actions and measures to be taken by the Executive Management in resolving the audit issues reported and recommended for further improvement.

The Internal Auditors also carried out follow-up reviews to monitor the implementation of the said action plans and measures for reporting to the ARMC.

For FY2017, the internal audit scope covered the review of the adequacy and effectiveness of the system of internal controls of the following processes:

(a) Leisure & Hospitality Division

Revenue, collection and reporting process in Bukit Gambang Water Park and Bukit Gambang Safari Park including:

- tickets issuing process, tube and cabana rental process
- food and beverage sales
- cash collections handover process
- collections and reconciliation with revenue reporting

(b) Property Development Division

Project management review for projects in Kuching and Morib, including:

- project costs monitoring
- monitoring of sub-contractors' performance
- issuance of work orders and variation orders
- sub-contractors' claims verification and authorisation
- back charging to sub-contractors for materials purchased on their behalf
- payments to sub-contractors

The follow-up reviews carried out by the Internal Auditors during FY2017 were in respect of the following audit areas:

- property sales and marketing processes, collection process and monitoring
- project management review
- revenue collection and reporting

The Internal Auditors also facilitated the RMC during FY2017 in re-assessing and re-evaluating the Group's risk profile. This enabled the RMC to identify or reaffirm the Group's key business risks and to develop the measures to be implemented to deal with these risks.

The total costs paid or payable for the internal audit function for FY2017 was RM91,498.

WONG YOKE NYEN
Chairman of Audit Committee

16 January 2018

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities and details of its subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in the activities of the Company and its subsidiary companies during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	38,032	1,714
Attributable to:		
Owners of the Company	38,029	
Non-controlling interests	3	
	38,032	

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends paid, declared or proposed by the Company since the end of the previous financial year.

HOLDING COMPANY

The immediate and ultimate holding company is Sentoria Capital Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

DIRECTORS' REPORT

DIRECTORS

The Directors in office since the date of the last report and as of the date of this report are as follows:

Datuk Aznam Bin Mansor
Dato' Chan Kong San
Dato' Gan Kim Leong
Mr Lee Chaing Huat
Mr Wong Yoke Nyen
Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad

Dato' Chan Kong San and Dato' Gan Kim Leong are the directors of all subsidiary companies included in the financial statements of the Group for the financial year.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and/or options over ordinary shares of the Company and its related corporations during the financial year as recorded in the Register of Directors' Shareholdings kept by the Company pursuant to Section 59 of the Companies Act 2016, were as follows:

		Number of ordinary shares			
Shares in the Company	**At 1.10.2016**	**Bought**	**Exercised**	**Sold**	**At 30.9.2017**
Indirect interest					
Dato' Chan Kong San*	303,404,800	-	10,000,000	(34,096,386)	279,308,414
Dato' Gan Kim Leong*	303,404,800	-	10,000,000	(34,096,386)	279,308,414

		Number of Warrants A			
Warrants in the Company	**At 1.10.2016**	**Bought**	**Exercised**	**Sold**	**At 30.9.2017**
Indirect interest					
Dato' Chan Kong San*	26,686,886	-	(10,000,000)	-	16,686,886
Dato' Gan Kim Leong*	26,686,886	-	(10,000,000)	-	16,686,886

* *Deemed interest by virtue of their interests in Sentoria Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016*

		Number of ordinary shares		
Shares in Sentoria Capital Sdn Bhd	**At 1.10.2016**	**Bought**	**Sold**	**At 30.9.2017**
Direct interest				
Dato' Chan Kong San	250,000	-	-	250,000
Dato' Gan Kim Leong	250,000	-	-	250,000

Dato' Chan Kong San and Dato' Gan Kim Leong, by virtue of their interests in the ordinary shares of Sentoria Capital Sdn. Bhd., are deemed to have an interest in the shares and/or options over shares of the Company and its subsidiary companies to the extent that Sentoria Capital Sdn. Bhd. has an interest pursuant to Section 8 of the Companies Act 2016 during the financial year.

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any interest in the shares and/or options over shares of the Company or its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than as disclosed in Notes 26 and 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those related party transactions as disclosed in Note 31 to the financial statements.

The premium costs incurred by the Group for directors and officers liability insurance effected for the Directors and certain officers of the Group during the financial year amounted to RM8,141.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 10,000,000 ordinary shares at 60 sen per share for a total cash consideration of RM6,000,000 on the exercise of 10,000,000 Warrants A pursuant to the Deed Poll dated 27 March 2014.

There were no issuance of debentures during the financial year.

Subsequent to the end of the financial year, the Company:

(a) increased its issued ordinary share capital from RM152,565,976 to RM162,578,768 by the issuance of 16,687,986 new shares on the exercise of Warrants A pursuant to the deed poll of 27 March 2014 at the exercise price of 60 sen per share;

(b) issued 51,466,801 bonus shares on the basis of one bonus share for every ten existing shares held at an issue price of 20 sen per share by the capitalisation of the share premium account pursuant to Section 618(3) of the Companies Act 2016 ("Bonus Issue"); and

(c) issued 205,867,236 new Warrants B at an issue price of 25 sen per warrant on the basis of four Warrants B for every ten existing shares held. Each Warrant B will entitle the registered holder to subscribe for one new ordinary share in the Company at 60 sen per share during the exercise period expiring on 9 January 2025.No Warrants B have been exercised as at the date of this report.

As a consequence of the Bonus Issue, the Company issued 1,219,957 additional Warrants A pursuant to the provisions of the Warrants A deed poll of 27 March 2014.

TREASURY SHARES

During the financial year, the Company bought 2,131,000 of its own ordinary shares from the open market at an average price of 74.5 sen per share. The total consideration paid for the purchased shares including transaction costs amounting to RM1,587,241 was financed by internally generated funds. The purchased shares were dealt with as treasury shares in accordance with Section 127 of the Companies Act 2016. 1,000,000 treasury shares were sold in the open market during the financial year at an average price (after deducting transaction costs) of 85.3 sen per share for a total consideration of RM853,169. There was no cancellation or reissuance of treasury shares during the financial year.

DIRECTORS' REPORT

TREASURY SHARES (Cont'd)

As at the end of the financial year:

(a) out of the Company's total 499,111,104 issued ordinary shares, 1,131,000 are held as treasury shares by the Company; and

(b) the number of outstanding ordinary shares in issue after deducting those held as treasury shares is 497,980,104 ordinary shares.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that 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 adequate provision had been made for doubtful debts and that there were no known bad debts to be written off; and

(b) to ensure that any current assets other than debts, which were unlikely to be realised at their book values in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(a) which would render it necessary to write off bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

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

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

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

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

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

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

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (Cont'd)

In the opinion of the Directors:

(a) 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 affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

AUDITORS

The fees paid to or receivable by the auditors, Messrs. Grant Thornton Malaysia, as remuneration for their services to the Company and its subsidiary companies for the financial year are disclosed in Note 26 to the financial statements.

No indemnity was given to or insurance effected for Messrs. Grant Thornton Malaysia.

Messrs. Grant Thornton Malaysia, have expressed their willingness to continue in office.

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

....
DATO' GAN KIM LEONG

DIRECTORS

....
DATO' CHAN KONG SAN

Kuala Lumpur
16th day of January, 2018

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 48 to 123 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2017 and of their financial performance and cash flows for the financial year then ended.

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

....	....
DATO' GAN KIM LEONG	**DATO' CHAN KONG SAN**

Kuala Lumpur
16th day of January, 2018

STATUTORY DECLARATION

I, Dato' Gan Kim Leong, being the Director primarily responsible for the financial management of Sentoria Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 48 to 123 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
Federal Territory this 16th day of January, 2018) ....
DATO' GAN KIM LEONG

Before me:

S.ARULSAMY [W.490]
Commissioner for Oaths

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the Members of Sentoria Group Berhad
(Incorporated in Malaysia) Company No: 463344 - K

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sentoria Group Berhad, which comprise the statements of financial position as at 30 September 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 of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 123.

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 30 September 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue and expense recognition for construction contracts

The risk - The Group recognises revenue and expenses for construction contracts based on the stage of completion method.

In determining the stage of completion, the management is required to exercise significant judgement in estimating the total costs to complete. As such, we have identified revenue and expense recognition for construction contracts as a significant risk requiring special audit consideration.

Our response - Our audit procedures included, amongst others, inquiries with the operational and financial personnel of the Group for the assumptions used, inspection of documentation to support costs estimates made, comparing estimated costs to actual costs to assess the reliability of management's budgeting process and control, inspecting contracts with sub-contractors and reviewing analyses of cost budgets to identify any foreseeable losses.

Whilst recognising that estimating total costs to complete is inherently judgemental, we concluded that the assumptions and methodologies used by the management were within an acceptable range of reasonable estimates. The Group's disclosures regarding construction contracts are included in Notes 2.6.1, 3.11, 24 and 25 to the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Sentoria Group Berhad
(Incorporated in Malaysia) Company No: 463344 - K

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Key Audit Matters (Cont'd)

Recognition of deferred tax assets

The risk - The Group has recognised deferred tax assets for unabsorbed business losses, unutilised capital allowances, unutilised tax allowances and other temporary differences.

Recognition of deferred tax assets requires significant management judgement as to the ability of the Group to generate sufficient future taxable profits to utilise the unabsorbed business losses, unutilised capital allowances, unutilised tax allowances and other temporary differences.

We have identified recognition of deferred tax assets as a significant risk requiring special audit consideration due to the inherent uncertainty in projecting the amount and timing of future taxable profits.

Our response - We assessed the accuracy of projected future taxable profits by evaluating historical projection accuracy and comparing the assumptions, such as projected growth rates as well as operating margin, with our own expectations of those assumptions derived from our knowledge of the Group and our understanding obtained during our audit.

Whilst recognising that estimating projection is inherently judgemental, we concluded that the assumptions and methodologies used by the management were within an acceptable range of reasonable estimates. The Group's disclosures regarding deferred tax assets are included in Notes 2.6.1, 3.19.2 and 9 to the financial statements.

There are no key audit matters in relation to the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

To the Members of Sentoria Group Berhad
(Incorporated in Malaysia) Company No: 463344 - K

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Responsibilities of the Directors for the Financial Statements (Cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Sentoria Group Berhad
(Incorporated in Malaysia) Company No: 463344 - K

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

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

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

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

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

OTHER MATTER

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

GRANT THORNTON MALAYSIA
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

KHO KIM ENG
(NO: 3137/10/18(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
16th day of January, 2018

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	419,245	375,542	42,745	42,804
Biological assets	5	3,657	4,362	-	-
Property development costs	6	22,972	14,329	-	-
Investment properties	7	38,155	30,562	12,120	12,072
Investment in subsidiary companies	8	-	-	187,725	186,300
Deferred tax assets	9	50,361	50,307	-	-
Fixed deposits with licensed banks	10	7,005	3,684	-	-
Investment in short term funds	10	7,524	7,288	7,524	7,288
Goodwill on consolidation	11	3	3	-	-
Total non-current assets		548,922	486,077	250,114	248,464
Current assets					
Property development costs	6	185,032	136,647	-	-
Amount due from customers	12	15,270	18,812	-	-
Inventories	13	1,734	2,199	-	-
Trade receivables	14	188,345	152,800	-	-
Other receivables	15	34,546	37,134	1,157	1,547
Amount due from subsidiary companies	8	-	-	148,999	149,280
Amount due from holding company	8	3,179	-	-	-
Tax recoverable		4	368	4	12
Fixed deposits with licensed banks	10	-	73	-	73
Investment in short term funds	10	8,000	-	8,000	-
Cash and bank balances	16	38,038	14,386	14	22
Total current assets		474,148	362,419	158,174	150,934
Total assets		1,023,070	848,496	408,288	399,398
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	152,566	97,822	152,566	97,822
Share premium	18	-	48,744	-	48,744
Treasury shares	19	(862)	-	(862)	-
Revaluation reserves	20	66,175	66,298	35,549	35,549
Retained earnings		228,589	189,853	65,918	64,076
		446,468	402,717	253,171	246,191
Non-controlling interests	8	953	475	-	-
Total equity		447,421	403,192	253,171	246,191

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
EQUITY AND LIABILITIES (Cont'd)					
Non-current liabilities					
Deferred tax liabilities	9	4,107	3,382	1,970	1,970
Borrowings	21	222,483	191,627	75,876	101,008
Total non-current liabilities		226,590	195,009	77,846	102,978
Current liabilities					
Trade payables	22	73,368	58,447	254	254
Other payables	23	105,576	104,147	2,702	2,912
Amount due to customers	12	-	10	-	-
Amount due to subsidiary companies	8	-	-	30,197	8,273
Tax payable		3,927	3,038	-	-
Borrowings	21	166,188	84,653	44,118	38,790
Total current liabilities		349,059	250,295	77,271	50,229
Total liabilities		575,649	445,304	155,117	153,207
Total equity and liabilities		1,023,070	848,496	408,288	399,398

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 September 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	24	280,415	224,224	3,000	15,000
Cost of sales	25	(183,673)	(134,276)	-	-
Gross profit		96,742	89,948	3,000	15,000
Other income		6,826	7,130	346	3,433
Distribution expenses		(1,950)	(1,475)	-	-
Administration expenses		(46,230)	(46,141)	(1,585)	(2,337)
Other expenses		(549)	(339)	-	-
Finance costs		(3,474)	(3,941)	(47)	(729)
Profit before tax	26	51,365	45,182	1,714	15,367
Tax expense	27	(13,333)	(12,071)	-	17
Net profit for the financial year		38,032	33,111	1,714	15,384
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land and buildings		599	-	-	-
Deferred tax relating to revaluation of land and buildings		(143)	-	-	-
Other comprehensive income for the financial year		456	-	-	-
Total comprehensive income for the financial year		38,488	33,111	1,714	15,384
Net profit for the financial year attributable to:					
Owners of the Company		38,029	33,129		
Non-controlling interests		3	(18)		
		38,032	33,111		
Total comprehensive income attributable to:					
Owners of the Company		38,485	33,129		
Non-controlling interests		3	(18)		
		38,488	33,111		
Earnings per share attributable to equity holders of the Company (Sen)					
- Basic	28	7.73	6.83		
- Diluted	28	7.63	6.68		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 September 2017

	Note	Share capital (Distributable)	Treasury shares (Non-distributable)	Share premium (Non-distributable)	Revaluation reserves (Non-distributable)	Retained earnings (Distributable)	Total	Non-controlling interests	Total
		Attributable to owners of the Company							
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Balance at 1 October 2015		96,822	*	46,744	66,878	165,826	376,270	93	376,363
Crystallisation of revaluation reserve		-	-	-	(580)	580	-	-	-
Other comprehensive income for the financial year		-	-	-	(580)	580	-	-	-
Net profit for the financial year		-	-	-	-	33,129	33,129	(18)	33,111
Total comprehensive income for the financial year		-	-	-	(580)	33,709	33,129	(18)	33,111
Transactions with owners:									
Exercise of warrants	17 and 18	1,000	-	2,000	-	-	3,000	-	3,000
Additional investment in a subsidiary company		-	-	-	-	-	-	400	400
Dividends	32	-	-	-	-	(9,682)	(9,682)	-	(9,682)
Total transactions with owners		1,000	-	2,000	-	(9,682)	(6,682)	400	(6,282)
Balance at 30 September 2016		97,822	-	48,744	66,298	189,853	402,717	475	403,192
Crystallisation of revaluation reserve		-	-	-	(579)	579	-	-	-
Revaluation of land and buildings		-	-	-	456	-	456	-	456
Other comprehensive income for the financial year		-	-	-	(123)	579	456	-	456
Net profit for the financial year		-	-	-	-	38,029	38,029	3	38,032
Total comprehensive income for the financial year		-	-	-	(123)	38,608	38,485	3	38,488
Transactions with owners:									
Exercise of warrants	17 and 18	6,000	-	-	-	-	6,000	-	6,000
Additional investment in a subsidiary company		-	-	-	-	-	-	475	475
Sale of treasury shares	17 and 19	-	725	-	-	128	853	-	853
Own shares bought	19	-	(1,587)	-	-	-	(1,587)	-	(1,587)
Total transactions with owners		6,000	(862)	-	-	128	5,266	475	5,741
Transition to no-par value regime on 31 January 2017^		48,744	-	(48,744)	-	-	-	-	-
Balance at 30 September 2017		152,566	(862)	-	66,175	228,589	446,468	953	447,421

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 September 2017

		← Attributable to owners of the Company →					
			Distributable	← Non-distributable →		Distributable	
	Note	Share capital	Treasury shares	Share premium	Revaluation reserves	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Balance at 1 October 2015		96,822	-	46,744	35,549	58,374	237,489
Total comprehensive income for the financial year		-	-	-	-	15,384	15,384
Transactions with owners:							
Exercise of warrants	17 and 18	1,000	-	2,000	-	-	3,000
Dividends	32	-	-	-	-	(9,682)	(9,682)
Total transactions with owners		1,000	-	2,000	-	(9,682)	(6,682)
Balance at 30 September 2016		97,822	-	48,744	35,549	64,076	246,191
Total comprehensive income for the financial year		-	-	-	-	1,714	1,714
Transactions with owners:							
Exercise of warrants	17 and 18	6,000	-	-	-	-	6,000
Own shares sold							
Sale of treasury shares	17 and 19	-	725	-	-	128	853
Own shares bought	19	-	(1,587)	-	-	-	(1,587)
Total transactions with owners		6,000	(862)	-	-	128	5,266
Transition to no-par value regime on 31 January 2017 ^		48,744	-	(48,744)	-	-	-
Balance at 30 September 2017		152,566	(862)	-	35,549	65,918	253,171

* *RM829*

^ *The new Companies Act 2016 ("Act") which came into effect on 31 January 2017, abolished the concept of nominal or par value in shares and consequently, the authorised share capital of a company is no longer applicable. Consequently, the amount standing to the credit of the share premium account of the Company on the commencement of the Act became part of the Company's share capital pursuant to Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount of RM48,744,000 standing to the credit of its share premium account on 31 January 2017 for the purposes set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue of the Company as a result of this transition.*

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 September 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
OPERATING ACTIVITIES					
Profit before tax		51,365	45,182	1,714	15,367
Adjustments for:					
Biological assets written off		549	339	-	-
Depreciation of investment properties		53	53	-	-
Depreciation of property, plant and equipment		11,137	11,664	59	256
Depreciation of biological assets		691	672	-	-
Interest and commission expenses		3,474	3,941	47	675
Dividend income		-	-	(3,000)	(15,000)
Fair value gain on revaluation of investment properties		(5,475)	(5,751)	(48)	(480)
Gain on disposal of property, plant and equipment		(171)	-	-	(2,660)
Interest income		(572)	(535)	(244)	(263)
Operating profit/(loss) before working capital changes		61,051	55,565	(1,472)	(2,105)
Changes in working capital:					
Property development costs		(56,087)	(65,761)	-	-
Inventories		465	407	-	-
Amount due from/to customers		3,532	(18,643)	-	-
Receivables		(36,136)	(30,073)	390	1,258
Payables		16,350	5,139	(210)	(153)
Cash used in operations		(10,825)	(53,366)	(1,292)	(1,000)
Interest received		572	535	244	263
Interest and commission paid		(3,474)	(3,941)	(47)	(675)
Tax paid		(11,791)	(12,128)	(4)	(23)
Tax refund		239	-	12	-
Net cash used in operating activities		(25,279)	(68,900)	(1,087)	(1,435)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 September 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
INVESTING ACTIVITIES					
Dividend received		-	-	-	15,000
Purchase of property, plant and equipment	A	(54,097)	(48,280)	-	(3)
Purchase of biological assets		(535)	(499)	-	-
Purchase of investment properties		(1,679)	-	-	(2,832)
Subscription of additional ordinary shares in a subsidiary company		-	-	(1,425)	-
Proceeds from subscription of shares in a subsidiary company by non-controlling interests		475	400	-	-
(Placement)/upliftment of fixed deposits with licensed banks		(3,321)	1,795	-	1,434
Additional investment in short term funds		(236)	(244)	(236)	(244)
Proceeds from disposal of property, plant and equipment		171	-	-	2,832
Net cash (used in)/from investing activities		(59,222)	(46,828)	(1,661)	16,187
FINANCING ACTIVITIES					
Proceeds from issuance of shares		6,000	3,000	6,000	3,000
Dividends paid		-	(9,682)	-	(9,682)
Repayment to holding company		-	(12)	-	-
Net advances from/(to) subsidiary companies		-	-	25,205	(25,693)
Repayment of finance lease liabilities		(707)	(1,095)	-	(9)
Repayment of borrowings		(121,907)	(8,646)	(20,238)	(689)
Drawdown of borrowings		232,030	116,113	-	-
Own shares bought		(1,587)	-	(1,587)	-
Proceeds from sale of treasury shares		853	-	853	-
Net cash from/(used in) financing activities		114,682	99,678	10,233	(33,073)
CASH AND CASH EQUIVALENTS					
Net increase/(decrease)		30,181	(16,050)	7,485	(18,321)
At beginning of financial year		(11,601)	4,449	(18,457)	(136)
At end of financial year	B	18,580	(11,601)	(10,972)	(18,457)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 September 2017

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment with aggregate costs of RM55,674,000 (2016: RM48,588,000) of which RM1,577,000 (2016: RM308,000) were acquired by means of finance lease arrangements. Cash payments of RM54,097,000 (2016: RM48,280,000) were made by the Group to purchase these property, plant and equipment. The purchase of property, plant and equipment by the Company in the previous financial year was outright purchases and paid for in cash.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	38,038	14,386	14	22
Investment in short term funds	8,000	-	8,000	-
Fixed deposits with licensed banks	-	73	-	73
Bank overdrafts	(27,458)	(26,060)	(18,986)	(18,552)
	18,580	(11,601)	(10,972)	(18,457)

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The Company's registered office is located at No. 56 & 58 (2nd floor), Jalan Dagang SB 4/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 56 & 58, Jalan Dagang SB 4/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in these activities of the Company and its subsidiary companies during the financial year.

The immediate and ultimate holding company is Sentoria Capital Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on the 16th day of January, 2018.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") issued by Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention expect for certain land and buildings that are measured at fair value at the end of each reporting year as disclosed in the summary of significant accounting policies.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market 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.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

2. BASIS OF PREPARATION (Cont'd)

2.2 Basis of measurement (Cont'd)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

(a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable

(c) Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM'000, except when otherwise stated.

2.4 Adoption of new and amendments to FRSs

The Group has consistently applied the accounting policies set out in Note 3 to the financial statements in respect of all financial years presented in these financial statements.

2.5 Accounting standards issued but not yet effective

The following FRSs, amendments to FRSs and IC Interpretation which are not yet effective have not been early adopted by the Group:

Amendments to FRSs effective 1 January 2017:

FRS 12*	Disclosure of Interests in Other Entities (Under Annual Improvements to FRS Standards 2014 – 2016 Cycle)
FRS 107	Statement of Cash Flows: Disclosure Initiative
FRS 112*	Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

2. **BASIS OF PREPARATION** (Cont'd)

2.5 Accounting standards issued but not yet effective (Cont'd)

The following FRSs, amendments to FRSs and IC Interpretation which are not yet effective have not been early adopted by the Group: (Cont'd)

FRSs, amendments to FRSs and IC Interpretation effective 1 January 2018:

FRS 9	Financial Instruments (International Financial Reporting Standard ["IFRS"] 9 issued by International Accounting Standards Board in July 2014)
Amendments to FRS 2#*	Classification and Measurement of Share-based Payment Transactions
Amendments to FRS 4#*	Insurance Contracts, Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts^
Amendments to FRS 7	Financial Instruments – Disclosure: Mandatory effective date of FRS 9 and transitional disclosures
Amendments to FRS 140	Investment Property: Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to FRS Standards 2014-2016 Cycle (except for Amendments to FRS12 Disclosure of Interests in Other Entities)

IC Interpretation effective 1 January 2019:

IC Interpretation 23	Uncertainty over Income Tax Treatments

Amendments to FRSs (deferred effective date to be announced by the MASB):

FRS 10* and 128#*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

\# *Not applicable to Group's existing operations*
* *Not applicable to Company's existing operations*
^ *See FRS 4 Paragraphs 46, 47A and 48 for the effective date*

The initial applications of the above FRSs and amendments to FRSs are not expected to have any significant financial impacts to the financial statements of the Group and of the Company, except for:

FRS 9 Financial Instruments

FRS 9 replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of FRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of FRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of FRS 9 will result in changes in accounting policies in the period of initial application, the possible financial impact of which cannot be determined at present.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

2. **BASIS OF PREPARATION** (Cont'd)

2.5 Accounting standards issued but not yet effective (Cont'd)

Amendments to FRS 107 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

New MASB Approved Accounting Standards

To converge with IFRS in 2012, MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and MFRS 15 Revenue from Contracts with Customers including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope of Transitioning Entities and has opted to defer the adoption of MFRSs. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 September 2019.

In presenting its first MFRS financial statements, the Group and the Company will be required to restate their comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group has not completed their quantification of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework and as such, are unable to assess said differences. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 September 2019.

MFRS effective 1 January 2018:

MFRS 15	Revenue from Contracts with Customers

MFRS effective 1 January 2019:

MFRS 16	Leases

MFRS effective 1 January 2021:

MFRS 17#*	Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

2. BASIS OF PREPARATION (Cont'd)

2.5 Accounting standards issued but not yet effective (Cont'd)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue.

It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statement of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statement of financial position are expected to increase substantially.

MFRS 16 also:
- Changes the definition of a lease,
- Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods,
- Changes the accounting for sale and leaseback arrangements,
- Largely retains MFRS 117's approach to lessor accounting, and
- Introduces new disclosure requirements.

The adoption of MFRS 16 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 16.

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements were made in the preparation of these financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

2. BASIS OF PREPARATION (Cont'd)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting year, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment, biological assets and investment properties to be within 2 to 99 years and reviews the useful lives of depreciable assets at each reporting date. As at 30 September 2017, management assessed that the useful lives represent the expected utility of the assets to the Group. The carrying amounts of the Group's property, plant and equipment, biological assets and investment properties at the reporting date are analysed in Notes 4, 5 and 7 to the financial statements respectively. Actual results, however, may vary due to changes in the expected levels of usage and technological developments, with resulting adjustments to the Group's assets.

Property development

The Group recognises property development revenue and expenses in 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 property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amount of property development costs of the Group arising from property development activities is disclosed in Note 6 to the financial statements.

Impairment of non-financial assets

The Directors assess whether the carrying amount of its non-financial assets are impaired at each reporting date. This involves measuring the recoverable amounts based on the fair value less costs to sell or value in use of these assets.

Fair value less costs to sell is determined based on available published third party information or contractual value in agreements entered into by the Company and its subsidiary companies.

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

The carrying amounts of the Group's and of the Company's loans and receivables as at the reporting date are summarised in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

2. BASIS OF PREPARATION (Cont'd)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Construction contracts

Construction contract accounting requires reliable estimation of the costs to complete the contract and reliable estimate of the stage of contract completion. Using experience gained on each contract and taking into account of the expectation of the time and materials required to complete the contract, management uses budgeting tools to estimate the profitability of the contract at any time.

Construction contract accounting requires that variations, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process often takes some time, a judgment is required to be made of its probability and revenue recognised accordingly.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made.

The Group's businesses are subject to economic and social preference changes which may cause selling prices to change rapidly and the Group's profit or loss to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 13 to the financial statements.

Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages independent valuation specialists to determine fair values.

The carrying amount of the revalued land and buildings at the end of the reporting year and the relevant revaluation bases are disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

2. BASIS OF PREPARATION (Cont'd)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty (Cont'd)

Fair value valuation of investment properties

The Group and the Company measure their investment properties at fair value with changes in fair value being recognised in profit or loss. The Group and the Company engages independent valuation specialist to determine fair values.

The carrying amount of the land and buildings at the end of the reporting year and the relevant revaluation bases are disclosed in Note 7 to the financial statements.

2.6.2 Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on these financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed the criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Certain 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. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). 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.

Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below consistently throughout all financial years presented in these financial statements.

3.1 Consolidation

3.1.1 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting year.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

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

3.1 Consolidation (Cont'd)

3.1.1 Basis of consolidation (Cont'd)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interests in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. The accounting policy for goodwill is set out in Note 3.7 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Non-controlling interests represent the equity in subsidiary companies not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to the owners of the parent.

Changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Subsidiary companies

Subsidiary companies are entities, including structured entities, controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers that it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiary companies is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.3 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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, including the cost of replacing component parts of the asset, and the present value of the expected cost for the decommissioning of the assets after their use.

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 set out in Note 3.16 to the financial statements. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses, if any. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting year.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings is recognised in other comprehensive income and credited to the "revaluation reserve" in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment, that is, the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Property, plant and equipment (Cont'd)

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life and work-in-progress are not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Long term leasehold land	88 - 99 years
Long term leasehold buildings	2%
Cabins	10% - 20%
Plant and machinery	14%-50%
Motor vehicles	20%
Furniture, fittings, office equipment and others	8% - 25%
Renovations	10%

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Work-in-progress consists of general infrastructure and buildings under construction. The amount is stated at cost and includes the capitalisation of interest incurred on borrowings related to property, plant and equipment under construction until the property, plant and equipment are ready for their intended use. Work-in-progress is not depreciated until it is completed and ready for intended use.

The residual values, useful lives and depreciation method are reviewed at least annually to ensure that the amount, method and rates of depreciation are consistent with the previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on the disposal of property, plant and equipment are determined as the differences between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3.4 Investment properties

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.

Investment properties are initially measured at cost, including transaction costs. Cost includes expenditures that are directly attributable to the acquisition of the investment properties.

Subsequent to initial recognition, investment properties (leasehold buildings) are measured at fair value and are revalued annually and are included in the statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and are supported by market evidence.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Investment properties (Cont'd)

Depreciation on investment properties is computed on the straight line basis in order to write off the cost over their estimated useful lives. The principal annual depreciation rates used are as follows:

Buildings	2%
Long term leasehold land	over 96 years

Investment properties are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the investment properties, that is, the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of investment properties is recognised in profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under properties, plant and equipment up to the date of change.

3.5 Biological assets

All biological assets are measured at cost less accumulated depreciation and impairment loss, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All upkeep and maintenance costs are charged to profit or loss during the financial year in which they incurred.

Depreciation of biological assets is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated biological life, at annual rates of 10% to 20%.

The residual values, biological lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and rates of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied in the items of biological assets.

A biological asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

3.6 Property development costs

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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in 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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

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

3.6 Property development costs (Cont'd)

When 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 probably recoverable, and property development costs on properties sold are recognised as expenses in the financial year in which they are incurred.

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

Property development costs not recognised as expenses are recognised as assets and are measured at the lower of cost and net realisable value.

Property development costs are shown within non-current assets in the statements of financial position when the property development works are not expected to be completed within the normal operating cycle.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within other payables.

3.7 Goodwill

Goodwill represents the excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the statements of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or group of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in profit or loss.

An impairment loss recognised for goodwill should not be reversed in a subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed, the goodwill associated with the operations disposed, is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed in these circumstances is measured based on the relative fair values of the operations disposed and portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Impairment of assets

3.8.1 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses recognised in respect of a cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised as an expense in profit or loss immediately except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

3.8.2 Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

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

3.8 **Impairment of assets** (Cont'd)

3.8.2 **Financial assets** (Cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent financial year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of an investment classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss - is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investment are not reversed through profit or loss; increases in its fair value after impairments are recognised directly in other comprehensive income.

3.9 **Financial instruments**

3.9.1 **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Company or its subsidiary companies becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities which are measured subsequently are as described below.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments (Cont'd)

3.9.2 Financial assets - categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

(a) financial assets at fair value through profit or loss;
(b) held-to-maturity investments;
(c) loans and receivables; and
(d) available-for-sale financial assets.

All financial assets except for those classified at fair value through profit or loss are subject to review for impairment at least at each reporting date.

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expired 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 profit or loss.

At the reporting date, the Group and the Company carried only loans and receivables and available-for-sale financial assets on their respective statements of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, amount due from holding company, amount due from subsidiary companies, trade and most of the other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting year which are classified as non-current.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include investments in short term funds.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments (Cont'd)

3.9.2 Financial assets - categorisation and subsequent measurement (Cont'd)

Available-for-sale financial assets (Cont'd)

When the asset is disposed or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting year.

3.9.3 Financial liabilities - categorisation and subsequent measurement

After the initial recognition, financial liabilities are classified as:

(a) financial liabilities at fair value through profit or loss;
(b) other financial liabilities measured at amortised cost using the effective interest method; and
(c) financial guarantee contracts.

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 expired.

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.

At the reporting date, the Group and the Company carry only other liabilities measured at amortised cost on their respective statements of financial position.

Other liabilities measured at amortised cost

The Group's and the Company's other financial liabilities include borrowings, amounts due to subsidiary companies, trade and most other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company or its subsidiary companies have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.10 Inventories

3.10.1 Property development

Inventories are stated at the lower of cost and net realisable value. When necessary, allowance is made for deteriorated, obsolete and slow moving inventories.

Cost is determined using the weighted average method. The cost of unsold properties consists of direct costs of construction and proportionate land and development costs.

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

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

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

3.10 Inventories (Cont'd)

3.10.2 Leisure and hospitality

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

Cost is determined using the weighted average method. The cost of inventories comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made.

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

3.11 Construction contracts

Construction contracts are contracts specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting year. The Group uses the stage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable and contract costs are recognised as expenses in the financial year in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers under current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short term demand deposits, bank overdrafts and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

3.13 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.14 Leases

3.14.1 Finance leases

The cost of property, plant and equipment acquired under finance lease arrangements which transferred substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these property, plant and equipment is similar to that of the Group's property, plant and equipment depreciation policy. Outstanding obligations due under finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as expenses in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting year.

3.14.2 Operating leases

Leases, where substantially all the risks and rewards of ownership of assets remained with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the relevant lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Equity, reserves and dividend payments

An equity instrument is any contract that evidences a residual interest in the assets of the Company or its subsidiary companies after deducting all of their respective liabilities. Ordinary shares are equity instruments.

Share premium includes any premium received on issuance of shares. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. The Companies Act 2016 ("Act") which came into effect on 31 January 2017 abolished the concept of nominal or par value in shares and consequently, the amount standing to the credit of the share premium account of the Company on that date became part of the Company's share capital pursuant to Section 618(2) of the Act.

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

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant, and equipment.

Retained earnings include all current and prior financial years' retained profits.

All transactions with owners of the Company are recorded separately within equity.

Interim dividends on ordinary shares are accounted for in equity in the financial year in which they are declared while final dividends are recognised in equity upon approval of the Company in meeting.

When share capital recognised as equity is bought-back, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Purchased shares that are not subsequently cancelled are classified as treasury shares.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the financial year in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

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

3.17 Revenue recognition (Cont'd)

3.17.1 Development properties

Revenue from sales of development properties is accounted for by using the stage of completion method in respect of all properties that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be estimated reliably. Where foreseeable losses on development projects are anticipated, full allowance for losses is made in profit or loss.

3.17.2 Construction work

Revenue from construction work is recognised based on stage of completion method, where the outcome of the contract can be reliably estimated. Stage of completion is based on the total contract costs incurred to date over the estimated total contract costs of a project. Any anticipated loss is recognised in full.

3.17.3 Leisure and hospitality

Revenue is recognised upon sales of goods and/or performance of services.

3.17.4 Dividend income

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

3.17.5 Other revenue

Interest income is recognised on accrual basis.

Rental income is recognised when the rent is due.

3.18 Employees benefits

3.18.1 Short-term benefits

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

3.18.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in profit or loss as incurred. As required by Malaysian law, the Company and its subsidiary companies, all of which were incorporated in Malaysia, make such contributions to the Employees Provident Fund.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.19 Tax expense

3.19.1 Current tax

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

3.19.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate that have been enacted or substantively enacted by the reporting date in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statements of financial position and its tax base including unused tax losses and capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date. If it is no longer probable that sufficient future taxable profits will be available to allow the benefit of part or that entire deferred tax assets to be utilised, the carrying amount of the deferred tax assets will be reduced accordingly. When it becomes probable that sufficient future taxable profits will be available, such reductions will be reversed to the extent of the future taxable profits.

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, except for land and buildings carried at revalued amounts and investment properties carried at fair values. Where land and buildings are carried at their revalued amounts and investment properties carried at their fair values in accordance with the accounting policies set out in Notes 3.3 and 3.4 to the financial statements respectively, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the properties are depreciable and are held with the objective to consume substantially all of the economic benefits embodied in the properties over time, rather than through sale.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

3.20 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 revenue 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 to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

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

3.21 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.22 Goods and services tax

Goods and services tax ("GST") is a consumption tax based on the value-added concept.GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group paid on purchases of business inputs can be deducted from its output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the authority is included as part of receivables or payables in the statements of financial position.

3.23 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and the related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group; or
  (ii) has significant influence over the Group; or
  (iii) is a member of the key management personnel of the holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

  (i) the entity and the Group are members of the same group; or
  (ii) one entity is an associate or joint venture of the other entity; or
  (iii) both entities are joint ventures of the same third party; or
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
  (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group; or
  (vi) the entity is controlled or jointly-controlled by a person identified in (a) above; or
  (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the holding company of the Group; or
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

4. PROPERTY, PLANT AND EQUIPMENT

Group	At cost/ valuation Land and buildings RM'000	At cost Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, office equipment and others RM'000	Renovations RM'000	Work-in-progress RM'000	Total RM'000
Cost or valuation							
At 1 October 2015	324,710	7,284	8,252	32,832	979	9,214	383,271
Additions	4,828	245	117	1,541	325	41,532	48,588
Transfer to investment properties	(172)	-	-	-	-	-	(172)
Transfer to property development costs	(9,405)	-	-	-	-	-	(9,405)
At 30 September 2016	319,961	7,529	8,369	34,373	1,304	50,746	422,282
Additions	13,740	1,511	1,289	298	13	38,823	55,674
Transfer to investment properties	(505)	-	-	-	-	-	(505)
Transfer to property development costs	-	-	-	-	-	(941)	(941)
Disposals	-	-	(1,103)	-	-	-	(1,103)
At 30 September 2017	333,196	9,040	8,555	34,671	1,317	88,628	475,407
Accumulated depreciation							
At 1 October 2015	6,303	5,293	4,962	17,668	654	-	34,880
Charge for the financial year	5,223	629	1,219	4,495	98	-	11,664
Transfer to property development costs	(109)	-	-	-	-	-	(109)
At 30 September 2016	11,417	5,922	6,181	22,163	752	-	46,435
Charge for the financial year	5,248	802	1,204	3,835	48	-	11,137
Transfer to investment properties	(13)	-	-	-	-	-	(13)
Disposals	-	-	(1,103)	-	-	-	(1,103)
Revaluation	(599)	-	-	-	-	-	(599)
At 30 September 2017	16,053	6,724	6,282	25,998	800	-	55,857

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At cost/ valuation	←		At cost		→	
Group (cont'd)	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fittings, office equipment and others	Renovations	Work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated impairment							
At 1 October 2015/ 30 September 2016/2017	305	-	-	-	-	-	305
Net carrying amount							
At 30 September 2017	316,838	2,316	2,273	8,673	517	88,628	419,245
At 30 September 2016	308,239	1,607	2,188	12,210	552	50,746	375,542

Analysis of land and buildings

	←	At Valuation	→	At cost	
Group	Freehold land	Long term leasehold land	Long term leasehold buildings	Cabins	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost or valuation					
At 1 October 2015	42,609	50,006	231,675	420	324,710
Additions	-	140	4,658	30	4,828
Transfer to investment properties	(172)	-	-	-	(172)
Transfer to property development costs	-	(9,405)	-	-	(9,405)
At 30 September 2016	42,437	40,741	236,333	450	319,961
Additions	-	10,861	2,848	31	13,740
Transfer to investment properties	-	(505)	-	-	(505)
Revaluation	-	368	(368)	-	-
At 30 September 2017	42,437	51,465	238,813	481	333,196

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Analysis of land and buildings (Cont'd)

	At Valuation			At cost	
Group (Cont'd)	**Freehold land**	**Long term leasehold land**	**Long term leasehold buildings**	**Cabins**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Accumulated depreciation					
At 1 October 2015	-	591	5,293	419	6,303
Charge for the financial year	-	456	4,755	12	5,223
Transfer to property development costs	-	(109)	-	-	(109)
At 30 September 2016	-	938	10,048	431	11,417
Charge for the financial year	-	409	4,816	23	5,248
Transfer to investment properties	-	(13)	-	-	(13)
Revaluation	-	(7)	(592)	-	(599)
At 30 September 2017	-	1,327	14,272	454	16,053
Accumulated impairment					
At 1 October 2015/30 September 2016/2017	305	-	-	-	305
Net carrying amount					
At 30 September 2017	42,132	50,138	224,541	27	316,838
At 30 September 2016	42,132	39,803	226,285	19	308,239

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At valuation	←	At cost		→	
Company	**Land and buildings**	**Furniture, fittings and office equipment**	**Plant and machinery**	**Motor vehicles**	**Renovations**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cost or valuation						
At 1 October 2015	42,847	1,286	159	433	638	45,363
Additions	-	3	-	-	-	3
Disposals	(172)	-	-	-	-	(172)
At 30 September 2016/2017	42,675	1,289	159	433	638	45,194
Accumulated depreciation						
At 1 October 2015	16	981	159	423	555	2,134
Charge for the financial year	14	176	-	9	57	256
At 30 September 2016	30	1,157	159	432	612	2,390
Charge for the financial year	14	38	-	1	6	59
At 30 September 2017	44	1,195	159	433	618	2,449
Net carrying amount						
At 30 September 2017	42,631	94	-	-	20	42,745
At 30 September 2016	42,645	132	-	1	26	42,804

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Analysis of land and buildings

Company	Freehold land	Long term leasehold buildings	Total
	RM'000	RM'000	RM'000
Valuation			
At 1 October 2015	41,577	1,270	42,847
Disposals	(172)	-	(172)
At 30 September 2016/2017	41,405	1,270	42,675
Accumulated depreciation			
At 1 October 2015	-	16	16
Charge for the financial year	-	14	14
At 30 September 2016	-	30	30
Charge for the financial year	-	14	14
At 30 September 2017	-	44	44
Net carrying amount			
At 30 September 2017	41,405	1,226	42,631
At 30 September 2016	41,405	1,240	42,645

Freehold land, leasehold land and buildings including work-in-progress of the Group and of the Company with net carrying amounts of RM310,407,000 (2016: RM277,121,000) and RM42,631,000(2016: RM42,645,000) respectively have been charged to licensed banks to secure banking facilities granted to the Group and the Company respectively. The details of these banking facilities are disclosed in Note 21 to the financial statements.

Net carrying amount of assets held under finance lease arrangements:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	1,833	1,461	-	-
Plant and machinery	669	68	-	-
	2,502	1,529	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Revaluation of freehold and leasehold land and buildings

The Group's and the Company's freehold land, leasehold land and buildings are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent depreciation and accumulated impairment losses.

Fair value measurement of the freehold land, leasehold land and buildings is categorised as follows:

Group	Level 2	
	2017	**2016**
	RM'000	**RM'000**
Recurring fair value measurements		
Freehold land	42,132	42,132
Leasehold land	50,138	39,803
Leasehold buildings	224,541	226,285

Company	Level 2	
	2017	**2016**
	RM'000	**RM'000**
Recurring fair value measurements		
Freehold land	41,405	41,405
Leasehold buildings	1,226	1,240

There were no transfers between Levels 1 and 2 during the current financial year.

<u>Level 2 fair values</u>

Fair values of freehold land were derived by using the Comparison Method of Valuation.

Fair values of leasehold land were derived by using the Cost Method of Valuation.

Fair values of buildings were derived by using the Comparison and Cost Method of Valuation.

Comparison Method of Valuation entails comparing the sales price of the properties in close proximity. Sales price of the properties are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Cost Method of Valuation entails adopting the current replacement cost arrived at by determining the construction cost, financing charges, advertising charges, professional fees, other incidental expenses and developer's profit in building the structures, less depreciation.

The Group engaged an external, independent and qualified valuer to determine the fair values of the freehold and leasehold land and buildings.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

If freehold and leasehold land and buildings are measured using the historical cost model, the carrying amount would be as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Freehold land	5,273	5,273	4,381	4,381
Accumulated impairment	(305)	(305)	-	-
Carrying amount	4,968	4,968	4,381	4,381
Long term leasehold land	37,453	27,097	-	-
Accumulated depreciation	(946)	(662)	-	-
Carrying amount	36,507	26,435	-	-
Long term leasehold buildings	218,978	216,275	931	931
Accumulated depreciation	(22,291)	(17,833)	(182)	(173)
Carrying amount	196,687	198,442	749	758

5. BIOLOGICAL ASSETS

	Group	
	2017	2016
	RM'000	RM'000
Cost		
At beginning of financial year	6,020	5,978
Additions	535	499
Written off	(865)	(457)
At end of financial year	5,690	6,020
Accumulated depreciation		
At beginning of financial year	1,658	1,104
Charge for the financial year	691	672
Written off	(316)	(118)
At end of financial year	2,033	1,658
Net carrying amount	3,657	4,362

Biological assets represent living animal exhibits at the Group's safari park at Bukit Gambang Resort City, Kuantan.

NOTES TO THE FINANCIAL STATEMENTS

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6. PROPERTY DEVELOPMENT COSTS

	Group	
	2017	2016
	RM'000	RM'000
At beginning of financial year		
- freehold land, at cost	34,192	7,339
- leasehold land, at cost	73,255	54,178
- development costs	245,209	336,244
	352,656	397,761
Costs incurred during the financial year		
- freehold land, at cost	3,622	29,686
- leasehold land, at cost	47,386	13,595
- development costs	144,162	104,926
- transfer from property, plant and equipment	941	9,296
	196,111	157,503
Reversal of completed projects	(3,794)	(197,314)
Transfer to inventories	(198)	(177)
Transfer to investment properties	-	(5,117)
	(3,992)	(202,608)
Total	544,775	352,656
- previous financial years	(201,680)	(316,725)
- current financial year	(138,885)	(82,269)
- reversal of completed project	3,794	197,314
	(336,771)	(201,680)
At end of financial year	208,004	150,976
Analysed as:		
- Current	185,032	136,647
- Non-current	22,972	14,329
	208,004	150,976

Included in the property development costs is interest expenses of RM10,376,000(2016: RM9,568,000) capitalised during the financial year.

The title deeds of the freehold land and leasehold land under development amounting to RM4,505,000 (2016: RM7,339,000) and RM41,079,000 (2016: RM60,738,000) respectively are registered in the name of third parties.

The freehold land and leasehold land under development amounting to RM29,876,000(2016: RM29,109,000) and RM107,059,000 (2016: RM63,739,000) respectively are charged to licensed banks to secure the bank borrowings referred to in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Freehold building RM'000	Leasehold buildings RM'000	Long term leasehold land RM'000	Leasehold buildings under construction RM'000	Total RM'000
Cost or fair value						
At 1 October 2015	8,760	-	9,509	1,563	-	19,832
Transfer from property, plant and equipment	172	-	-	-	-	172
Transfer from property development costs	1,500	3,617	-	-	-	5,117
Fair value gain on revaluation	1,640	4,111	-	-	-	5,751
At 30 September 2016	12,072	7,728	9,509	1,563	-	30,872
Additions	-	-	-	-	1,679	1,679
Transfer from property, plant and equipment	-	-	-	492	-	492
Fair value gain on revaluation	48	72	247	5,108	-	5,475
At 30 September 2017	12,120	7,800	9,756	7,163	1,679	38,518
Accumulated depreciation						
At 1 October 2015	-	-	177	80	-	257
Charge for the financial year	-	-	37	16	-	53
At 30 September 2016	-	-	214	96	-	310
Charge for the financial year	-	-	37	16	-	53
At 30 September 2017	-	-	251	112	-	363
Net carrying amount						
At 30 September 2017	12,120	7,800	9,505	7,051	1,679	38,155
At 30 September 2016	12,072	7,728	9,295	1,467	-	30,562

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

7. **INVESTMENT PROPERTIES** (Cont'd)

Company	**Freehold land and buildings**
	RM'000
Fair value	
At 1 October 2015	8,760
Additions	2,832
Fair value gain on revaluation	480
At 30 September 2016	12,072
Fair value gain on revaluation	48
At 30 September 2017	12,120

The investment properties of the Group and of the Company with net carrying amounts of RM20,057,000(2016: RM19,761,000) and RM12,120,000(2016: RM12,072,000) respectively are pledged to a licensed bank for banking facilities granted to subsidiary companies.

Included in the above are:

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At fair value				
Freehold land and buildings	12,120	12,072	12,120	12,072
Freehold building	7,800	7,728	-	-
Leasehold buildings	8,000	7,753	-	-
Long term leasehold land	5,600	-	-	-
	33,520	27,553	12,120	12,072
At cost				
Leasehold buildings	1,505	1,542	-	-
Long term leasehold land	1,451	1,467	-	-
Leasehold buildings under construction	1,679	-	-	-
	38,155	30,562	12,120	12,072

Fair value basis of investment properties

The fair value represents the amount at which the properties could be exchanged on an open market basis between a knowledgeable willing buyer and a knowledgeable willing seller on an arm's length basis at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT PROPERTIES (Cont'd)

Fair value basis of investment properties (Cont'd)

The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out by a firm of independent professional valuers, who have appropriate professional qualification and recent experience in the relevant location and assets being valued. The fair value of the investment properties was determined using the Comparison Method.

The Comparison Method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market condition and other relevant characteristics.

Fair value measurement of the investment properties are categorised as follows:

Group	**Level 2**	
	2017	**2016**
	RM'000	**RM'000**
Recurring fair value measurements		
Freehold land and buildings	12,120	12,072
Freehold building	7,800	7,728
Leasehold buildings	8,000	7,753
Long term leasehold land	5,600	-

Company	**Level 2**	
	2017	**2016**
	RM'000	**RM'000**
Recurring fair value measurements		
Freehold land and buildings	12,120	12,072

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

Investment properties at cost

Leasehold buildings and long term leasehold land are stated at cost due to an agreement signed with a local authority which obliged the Group to state the properties at cost.

Leasehold buildings under construction are stated at cost as its fair value cannot be reliably measured until construction is completed.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

7. INVESTMENT PROPERTIES (Cont'd)

Income and expenses recognised in profit or loss

	Group	
	2017	**2016**
	RM'000	**RM'000**
Rental income	353	267
Direct operating expenses:		
- quit rent and assessment	19	20
- insurance	3	3

The leases of investment properties contain an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee and are renewed for further 2 to 3 years. No contingent rents are charged.

8. SUBSIDIARY COMPANIES AND HOLDING COMPANY

(a) Investment in subsidiary companies

	Company	
	2017	**2016**
	RM'000	**RM'000**
Unquoted shares- at cost		
At beginning of financial year	186,300	25,100
Additions during the financial year	1,425	161,200
At end of financial year	187,725	186,300

NOTES TO THE FINANCIAL STATEMENTS
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8. **SUBSIDIARY COMPANIES AND HOLDING COMPANY** (Cont'd)

(a) Investment in subsidiary companies (Cont'd)

The subsidiary companies, all of which were incorporated in Malaysia, are as follows:

Name of subsidiary company	**Effective equity interest**		**Principal activities**
	2017	**2016**	
	%	**%**	
Sentoria Properties Sdn. Bhd.	100	100	Property development
Sentoria Bina Sdn. Bhd.	100	100	General contractor
Sentoria Harta Sdn. Bhd.	100	100	Property development
Sentoria Alam Sdn. Bhd.	100	100	Property development
Sentoria Leisure Langkawi Sdn. Bhd.	100	100	Yet to commence active operations
Sentoria Alfa Sdn. Bhd.	100	100	Property development and project management services
Sentoria Vacation Club Berhad	100	100	Vacation club operator
Sentoria Morib Bay Sdn. Bhd.	100	100	Hotel and water park operator
Sentoria Land Sdn. Bhd.	100	100	Yet to commence active operations
Sentoria Borneo Samariang Sdn. Bhd.	100	100	Hotel and water park operator
Sentoria Borneo Land Sdn. Bhd.	100	100	Property development
Sentoria Themeparks and Resorts Sdn. Bhd.	100	100	Hotel, water park and safari park operator and investment holding
Sentoria Projects Sdn. Bhd.	100	100	General contractor
Ataria International Sdn Bhd *(formerly known as Ataria Leisure International Sdn. Bhd.)**	100	100	Yet to commence active operations
Sentoria Langkawi Sdn. Bhd.	75	75	Theme park operator and property development
Sentoria Utara Sdn. Bhd.	75	75	Property development
Subsidiary companies of Sentoria Themeparks and Resorts Sdn. Bhd.			
Blue Sky Leisure Sdn. Bhd.	100	100	Travel agent
Star Wholesale Sdn. Bhd.	100	100	Yet to commence active operations

* *Change of name on 18 December 2017*

Subsequent to the end of the financial year, the Company incorporated two new wholly-owned subsidiary companies, Sentoria IBS Sdn. Bhd. and Active Academy Sdn. Bhd.. These subsidiary companies have yet to commence active operations.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

8. **SUBSIDIARY COMPANIES AND HOLDING COMPANY** (Cont'd)

(b) Amounts due from/(to) subsidiary companies and holding company

The amounts due from/(to) subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand. The amount due from holding company is trade in nature, unsecured, interest-free and repayable on demand.

(c) Non-controlling interests ("NCI") in subsidiary companies

Group

The Group's subsidiary companies that have material non-controlling interests are as follows:

2017	**Sentoria Utara Sdn. Bhd.**	**Sentoria Langkawi Sdn. Bhd.**	**Total**
Percentage of ownership interest and voting interest held by NCI as at end of financial year (%)	25%	25%	
Carrying amount of NCI (RM'000)	491	462	953
(Loss)/profit allocated to NCI (RM'000)	(3)	6	3
2016			
Percentage of ownership interest and voting interest held by NCI as at end of financial year (%)	25%	25%	
Carrying amount of NCI (RM'000)	494	(19)	475
Loss allocated to NCI (RM'000)	(4)	(14)	(18)

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

8. SUBSIDIARY COMPANIES AND HOLDING COMPANY (Cont'd)

(c) Non-controlling interests ("NCI") in subsidiary companies (Cont'd)

The summary of financial information before intra-group elimination of the Group's subsidiary companies that have non-controlling interests are as below:

(i) Sentoria Utara Sdn. Bhd.

	2017 RM'000	2016 RM'000
Financial position as at reporting date		
Current assets	61,393	55,379
Non-current liabilities	(35,285)	(37,000)
Current liabilities	(24,145)	(16,405)
Net assets	1,963	1,974
Summary of financial performance for the financial year ended 30 September		
Net loss/total comprehensive loss for the financial year	(11)	(17)
Summary of cash flows for the financial year ended 30 September		
Net cash used in operating activities	(5,718)	(50,208)
Net cash from financing activities	5,734	50,412
Net increase in cash and cash equivalents	16	204

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

8. SUBSIDIARY COMPANIES AND HOLDING COMPANY (Cont'd)

(c) Non-controlling interests ("NCI") in subsidiary companies (Cont'd)

The summary of financial information before intra-group elimination of the Group's subsidiary companies that have non-controlling interests are as below: (Cont'd)

(ii) Sentoria Langkawi Sdn. Bhd.

	2017 RM'000	2016 RM'000
Financial position as at reporting date		
Non-current assets	29,679	5,661
Current assets	39,805	9,719
Non-current liabilities	(36,958)	-
Current liabilities	(30,677)	(15,453)
Net assets/(liabilities)	1,849	(73)
Summary of financial performance for the financial year ended 30 September		
Net profit/(loss)/total comprehensive income/(loss)for the financial year	22	(54)
Summary of cash flows for the financial year ended 30 September		
Net cash (used in)/from operating activities	(26,015)	1,433
Net cash used in investing activities	(24,962)	(2,702)
Net cash from financing activities	51,169	1,275
Net increase in cash and cash equivalents	192	6

9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets

	Group 2017 RM'000	Group 2016 RM'000
At beginning of financial year	50,307	49,618
Transferred from profit or loss	54	689
At end of financial year	50,361	50,307

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

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

Deferred tax assets (Cont'd)

The deferred tax assets are made up of tax impact on temporary differences arising from:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(20,662)	(18,713)
Revaluation of investment property	(255)	-
Unabsorbed business losses	3,922	3,901
Unutilised capital allowances	16,923	14,113
Unutilised tax allowances	57,820	58,701
Revaluation of property, plant and equipment	(8,260)	(8,414)
Other temporary differences	873	719
	50,361	50,307

Deferred tax liabilities

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of financial year	3,382	3,411	1,970	1,970
Transferred to/(from) profit or loss	582	(29)	-	-
Recognised in other comprehensive income	143	-	-	-
At end of financial year	4,107	3,382	1,970	1,970

The deferred tax liabilities are made up of tax impact on temporary differences arising from:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Carrying amount of qualifying property, plant and equipment in excess of their tax base	149	149	-	-
Revaluation of property, plant and equipment	3,347	3,233	1,970	1,970
Revaluation of investment properties	16	-	-	-
Other temporary differences	595	-	-	-
	4,107	3,382	1,970	1,970

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

10. FIXED DEPOSITS WITH LICENSED BANKS/INVESTMENT IN SHORT TERM FUNDS/DEPOSITS WITH A LICENSED BANK

Fixed deposits with licensed banks

Group

Fixed deposits with licensed banks of RM7,005,000(2016: RM3,684,000) are pledged to licensed banks for banking facilities granted to a subsidiary company and bore interest at rates ranging from 3.00% to 3.45% (2016: 3.10% to 3.45%) per annum.

Investment in short term funds/deposits with a licensed bank

Group and Company

Investments in short term funds represent investment in equity instruments quoted in Malaysia. Investment in of short term funds of RM7,524,000 (2016: RM7,288,000) are pledged to a licensed bank as security for banking facilities granted to the Company.

11. GOODWILL ON CONSOLIDATION

	Group	
	2017	2016
	RM'000	RM'000
At beginning/end of financial year	3	3

12. AMOUNT DUE FROM/(TO) CUSTOMERS

	Group	
	2017	2016
	RM'000	RM'000
Cost incurred to date	82,966	64,021
Attributable profits recognised to date	38,977	34,589
	121,943	98,610
Progress billings issued to date	(106,673)	(79,808)
	15,270	18,802
Amount due from customers	15,270	18,812
Amount due to customers	-	(10)
	15,270	18,802

NOTES TO THE FINANCIAL STATEMENTS

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13. INVENTORIES

	Group	
	2017	2016
	RM'000	RM'000
Food, beverage and other hotel supplies	1,452	2,022
Completed properties held for sale	282	177
	1,734	2,199

14. TRADE RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade debtors	91,247	78,605	84	84
Accrued billings	89,608	64,919	-	-
Retention sums	7,607	9,393	-	-
	188,462	152,917	84	84
Accumulated impairment loss at beginning/end of financial year	(117)	(117)	(84)	(84)
	188,345	152,800	-	-

The normal trade credit terms granted by the Group and the Company range from 21 to 60 days (2016: 21 to 60 days).

Included in trade receivables of the Group is an amount of RM761,000 (2016: RM546,000) due from companies in which certain Directors have interests. The amounts are unsecured, interest-free and repayable on demand.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's and the Company's trade receivables (excluding accrued billings) is as follows:

	Gross	Individually impaired	Net
	RM'000	RM'000	RM'000
Group			
2017			
Not past due	20,515	-	20,515
Past due 1-30 days	5,759	-	5,759
Past due 31-60 days	9,960	-	9,960
Past due more than 60 days	62,620	(117)	62,503
	98,854	(117)	98,737

NOTES TO THE FINANCIAL STATEMENTS
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14. TRADE RECEIVABLES (Cont'd)

Ageing analysis of trade receivables (Cont'd)

The ageing analysis of the Group's and the Company's trade receivables (excluding accrued billings) is as follows: (Cont'd)

	Gross RM'000	Individually impaired RM'000	Net RM'000
2016			
Not past due	21,501	-	21,501
Past due 1-30 days	43,053	-	43,053
Past due 31-60 days	1,094	-	1,094
Past due more than 60 days	22,350	(117)	22,233
	87,998	(117)	87,881
Company			
2017			
Past due more than 1 year	84	(84)	-
2016			
Past due more than 1 year	84	(84)	-

The Group has trade receivables amounting to RM78,222,000(2016: RM66,380,000) that are past due at the reporting date but not impaired. No allowance has been made for these receivables as the Directors are of the view that the amount is recoverable.

The net carrying amount of trade receivables is considered a reasonable approximate of their fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-trade receivables	26,804	25,665	154	161
Deposits	2,896	6,446	31	31
Prepayments	4,846	5,023	972	1,355
	34,546	37,134	1,157	1,547

NOTES TO THE FINANCIAL STATEMENTS
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16. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are monies held under Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 amounting to RM21,675,000 (2016: RM12,234,000).

17. SHARE CAPITAL

	Company			
	Number of shares		Amount	
	2017 Unit '000	2016 Unit '000	2017 RM'000	2016 RM'000
Issued:				
Ordinary shares:-				
At beginning of financial year	489,111	484,111	97,822	96,822
Issued during the financial year pursuant to the exercise of Warrants A	10,000	5,000	6,000	1,000
Share premium - transition to no-par value regime on 31 January 2017	-	-	48,744	-
At end of financial year	499,111	489,111	152,566	97,822

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions at the Company's shareholders' meetings and rank pari passu with regard to the Company's residual assets.

On 16 April 2014, the Company issued 88,000,000 bonus Warrants A on the basis of one Warrant A for every five existing ordinary shares of 20 sen each held in the Company.

The main features of Warrants A which were admitted to the Official List and quoted on the Main Market of Bursa Malaysia Securities Berhad on 21 April 2014, are as follows:

(a) each warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share of 20 sen each in the Company at an exercise price of 60 sen;

(b) the warrants shall be exercisable at any time within 5 years commencing on and including the date of the issuance of the warrants. Any warrants which are not exercised during the exercise period shall thereafter lapse and cease to be valid;

(c) the exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions set out in the deed poll of 27 March 2014; and

(d) all new ordinary shares to be issued arising from the exercise of the warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

28,888,896 (2016: 38,888,896) Warrants A remained outstanding as of the end of the financial year.

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17. SHARE CAPITAL (Cont'd)

Subsequent to the end of the financial year, the Company:

(a) increased its issued ordinary share capital from RM152,565,976 to RM162,578,768 by the issuance of 16,687,986 new shares on the exercise of Warrants A pursuant to the deed poll of 27 March 2014 at the exercise price of 60 sen per share;

(b) issued 51,466,801 bonus shares on the basis of one bonus share for every ten existing shares held at an issue price of 20 sen per share by the capitalisation of the share premium account pursuant to Section 618(3) of the Companies Act 2016 ("Bonus Issue"); and

(c) issued 205,867,236 new Warrants B at an issue price of 25 sen per warrant on the basis of four Warrants B for every ten existing shares held. Each Warrant B will entitle the registered holder to subscribe for one new ordinary share in the Company at 60 sen per share during the exercise period expiring on 9 January 2025. No Warrants B have been exercised as at the date of this report.

As a consequence of the Bonus Issue, the Company issued 1,219,957 additional Warrants A pursuant to the provisions of the Warrants A deed poll of 27 March 2014.

The other main features of Warrants B which were admitted to the Official List and quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 January 2018, are as follows:

(a) the warrants shall be exercisable at any time within 7 years commencing on and including the date of the issuance of the warrants. Any warrants which are not exercised during the exercise period shall thereafter lapse and cease to be valid;

(b) the exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions set out in the deed poll of 15 November 2017; and

(c) all new ordinary shares to be issued arising from the exercise of the warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

18. SHARE PREMIUM

	Company	
	2017	**2016**
	RM'000	**RM'000**
At beginning of financial year	48,744	46,744
Exercise of warrants	-	2,000
Transition to no-par value regime on 31 January 2017	(48,744)	-
At end of financial year	-	48,744

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19. TREASURY SHARES

The Company in a meeting on 8 March 2017, approved the renewal of the authority for the Company to purchase its own shares up to 10% of its then issued and paid-up share capital of the Company.

During the financial year, the Company bought 2,131,000 of its own ordinary shares from the open market at an average price of 74.5 sen per share. The total consideration paid for the purchased shares including transaction costs amounting to RM1,587,241 was financed by internally generated funds. The purchased shares were dealt with as treasury shares in accordance with Section 127 of the Companies Act 2016. 1,000,000 treasury shares were sold in the open market during the financial year at an average price (after deducting transaction costs) of 85.3 sen per share for a total consideration of RM853,169. There was no cancellation or reissuance of treasury shares during the financial year.

As at the end of the financial year:

(a) out of the Company's total 499,111,104 issued ordinary shares, 1,131,000 are held as treasury shares by the Company; and

(b) the number of outstanding ordinary shares in issue after deducting those held as treasury shares is 497,980,104 ordinary shares.

The details of shares purchased and treasury shares sold by the Company during the financial year were as follows:

	Number of shares	Amount	Highest Price	Lowest Price	Average Price*
	Unit'000	RM'000	RM	RM	RM
At beginning of financial year	-	-			
Own shares bought:					
December 2016	1	1	0.785	0.785	0.829
January 2017	150	108	0.750	0.695	0.722
February 2017	100	73	0.730	0.715	0.728
March 2017	1,080	794	0.755	0.710	0.736
April 2017	800	611	0.820	0.750	0.764
	2,131	1,587			
Treasury shares sold:					
May 2017	(1,000)	(725)	0.855	0.855	0.853
At end of financial year	1,131	862			0.745

* Includes stamp duty, brokerage, clearing fees and GST

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20. REVALUATION RESERVES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
At beginning of financial year	66,298	66,878	35,549	35,549
Surplus on revaluation of land and buildings	456	-	-	-
Crystallisation of revaluation reserve	(579)	(580)	-	-
At end of financial year	66,175	66,298	35,549	35,549

21. BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current				
Secured				
Finance lease liabilities	803	582	-	-
Bank overdrafts	27,458	26,060	18,986	18,552
Bankers' acceptance	22,825	21,839	-	112
Revolving credit	34,164	-	-	-
Term loans	80,938	36,172	25,132	20,126
	166,188	84,653	44,118	38,790
Non-current				
Secured				
Finance lease liabilities	1,291	642	-	-
Term loans	221,192	190,985	75,876	101,008
	222,483	191,627	75,876	101,008
Total	388,671	276,280	119,994	139,798

The repayment terms of the term loans vary from monthly instalment to yearly instalment.

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21. BORROWINGS (Cont'd)

The borrowings are secured by way of:

(i) pledge of fixed deposits with licensed banks/investment in short term funds;
(ii) joint and several guarantees by certain Directors;
(iii) corporate guarantees by the Company for banking facilities granted to certain subsidiary companies;
(iv) corporate guarantees by certain subsidiary companies for banking facilities granted to the Company;
(v) legal charges over freehold land, long term leasehold land and long term leasehold buildings;
(vi) assignment of contract proceeds from certain customers;
(vii) charges over the project bank accounts of a customer; and
(viii) debentures on certain projects undertaken by certain subsidiary companies.

The term loans and bank overdraft facilities bore interest at rates ranging from 0.50% to 2.00% and 1.25% to 2.00% (2016: 0.50% to 2.00% and 1.25% to 2.00%) respectively per annum above the banks' base lending rates or cost of funds.

Bankers' acceptance bore commission at rates ranging from 4.95% to 6.08% (2016: 4.95% to 6.08%) per annum.

Revolving credit bore interest at rates ranging from 5.46% to 7.50% (2016: Nil) per annum.

The term loans of the Company are utilised by certain subsidiary companies.

	Group	
	2017	**2016**
	RM'000	**RM'000**
Finance lease liabilities		
Minimum lease payments		
- not later than 1 year	897	628
- later than 1 year but less than 5 years	1,370	677
	2,267	1,305
Future finance charges	(173)	(81)
Present value of finance lease liabilities	2,094	1,224
Present value of finance lease liabilities		
- not later than 1 year	803	582
- later than 1 year but less than 5 years	1,291	642
	2,094	1,224

The finance lease liabilities of the Group bore interest at rates ranging from 2.28% to 4.00% (2016: 2.31% to 4.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
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22. TRADE PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade creditors	59,565	46,780	-	-
Retention sums	13,803	11,667	254	254
	73,368	58,447	254	254

The normal trade credit terms granted to the Group and the Company range from 30 to 90 days (2016: 30 to 90 days).

23. OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-trade payables	23,991	26,887	1,539	1,469
Accruals	79,689	76,070	1,163	1,443
Advances received	1,896	1,190	-	-
	105,576	104,147	2,702	2,912

Included in the above are amounts of:

- RM384,000(2016: RM384,000)being provision for Directors' fees.
- RM1,080,000(2016: RM1,080,000) being amount due to a non-controlling interest.

All of the above amounts are unsecured, interest-free and repayable on demand.

24. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sales of properties	214,014	137,045	-	-
Rendering of services	43,068	47,948	-	-
Contract revenue	23,333	39,231	-	-
Dividend income	-	-	3,000	15,000
	280,415	224,224	3,000	15,000

NOTES TO THE FINANCIAL STATEMENTS
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25. COST OF SALES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sales of properties	138,978	83,021	-	-
Rendering of services	29,715	29,987	-	-
Contract cost	14,583	21,268	-	-
Others	397	-	-	-
	183,673	134,276	-	-

26. PROFIT BEFORE TAX

Profit before tax has been determined after charging/crediting amongst others, the following items:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditor's remuneration				
- statutory audit	243	237	30	30
- non-statutory audit	4	4	-	-
Rental expenses - equipment	62	217	-	-
Rental expenses - motor vehicle	6	-	-	-
Rental expenses - premises	550	508	48	48
Rental expenses - staff quarters	47	34	-	-
Rental expenses - hotel suites	11,843	10,740	-	-
Realised loss on foreign exchange	-	1	-	-
And crediting:				
Rental income - premises	408	297	54	30

NOTES TO THE FINANCIAL STATEMENTS
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26. PROFIT BEFORE TAX (Cont'd)

The details of Directors' remuneration are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Executive Directors:				
Salaries and other emoluments	6,072	5,712	192	192
Bonus	506	1,428	16	48
Social security contribution	1	-	-	-
Defined contribution plan	1,250	1,338	40	44
	7,829	8,478	248	284

The estimated monetary value of benefits-in-kind received and receivable by the Executive Directors otherwise than in cash from the Group and the Company amounted to RM27,000(2016: RM27,000).

	Group and Company	
	2017	2016
	RM'000	RM'000
Non-Executive Directors:		
Fees	384	384
Meeting allowances	54	56
	438	440

27. TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current year tax expense	12,856	11,830	-	-
(Over)/under provision in prior financial years	(51)	959	-	(17)
Origination and reversal of temporary differences	528	(718)	-	-
	13,333	12,071	-	(17)

Malaysian income tax is calculated at the statutory rate of 24% (2016:24%) of the estimated assessable profit for the current financial year.

A subsidiary company is entitled to tax exemption of an amount equivalent to 100% of its qualifying expenditure incurred within 10 years from the Year of Assessment ("YA") 2008 pursuant to the letter of approval dated 2 December 2009 from Majlis Pembangunan Wilayah Ekonomi Pantai Timur.

NOTES TO THE FINANCIAL STATEMENTS
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27. TAX EXPENSE (Cont'd)

The unabsorbed business losses, unutilised capital allowances and unutilised tax allowances of certain subsidiary companies, which can be carried forward to offset against their respective future taxable profits, amounted to approximately RM16,749,000 (2016: RM16,722,000), RM70,542,000 (2016: RM59,861,000) and RM247,231,000(2016: RM244,587,000) respectively. The above amounts are subject to agreement by the Inland Revenue Board of Malaysia.

A reconciliation of the tax expense on profit before taxation with the applicable statutory income tax rate is as follows:

	Group		Company	
	2017	2016	2017	2016
	%	%	%	%
Applicable statutory income tax rate	24.0	24.0	24.0	24.0
Tax effects in respect of:				
Expenses not deductible for tax purposes	3.6	5.7	22.7	4.8
Income not subject to tax	(2.2)	(3.0)	(46.7)	(28.8)
Movement in investment tax allowances recognised during the financial year	1.4	(3.2)	-	-
(Over)/under provision of taxation in prior financial years	(0.1)	2.1	-	(0.1)
(Over)/under provision of deferred tax in prior financial years	(0.8)	1.1	-	-
Average effective tax rate	25.9	26.7	-	(0.1)

28. EARNINGS PER SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share for the financial year has been calculated based on the profit attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year:

	Group	
	2017	2016
	RM'000	RM'000
Net profit attributable to equity holders of the Company	38,029	33,129
Weighted average number of ordinary shares in issue (unit'000)	491,756	484,944
Basic earnings per share (sen)	7.73	6.83

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28. EARNINGS PER SHARE (Cont'd)

Diluted earnings per ordinary share

For the purpose of calculating diluted earnings per ordinary share, the net profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares arising consequent to the exercise of Warrants A.

	Group	
	2017	**2016**
	RM'000	**RM'000**
Net profit attributable to equity holders of the Company	38,029	33,129
Weighted average number of ordinary shares in issue (unit'000)	498,656	496,001
Diluted earnings per share (sen)	7.63	6.68

29. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors' remuneration	7,829	8,478	248	284
Salaries, wages and other emoluments	31,760	30,169	241	463
Defined contribution plan	2,585	2,368	28	28
Social security contributions	305	281	2	1
Other staff related expenses	1,551	1,302	14	6
	44,030	42,598	533	782

NOTES TO THE FINANCIAL STATEMENTS
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30. COMMITMENTS

	Group	
	2017	**2016**
	RM'000	**RM'000**
Capital commitments		
Authorised and contracted for:		
- property, plant and equipment	40,393	89,117
- biological assets	1,206	2,485
	41,599	91,602
Operating lease commitments		
Not later than 1 year	8,273	11,691
Later than 1 year but not later than 5 years	7,152	13,725
	15,425	25,416

31. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with holding company:				
Rental expenses paid	24	24	-	-
Sales of properties	4,542	-	-	-
Transactions with subsidiary companies:				
Dividend received	-	-	3,000	15,000
Accommodation paid	-	-	47	-
Disposal of property, plant and equipment	-	-	-	2,832
Transactions with companies in which the Directors, Dato' Chan Kong San and Dato' Gan Kim Leong have interests:				
Rental expenses paid to Bukit Gambang Capital Sdn. Bhd. ("BGC")	346	346	-	-
Sales of properties to BGC	9,394	-	-	-
Sales of food and beverages, room sales and provision of transportation services to Imperia Academy of Tourism Sdn Bhd ("IAT")	364	769	-	-
Rental income received /receivable from IAT	473	267	-	-

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31. RELATED PARTY DISCLOSURES (Cont'd)

(a) Significant related party transactions during the financial year are as follows (Cont'd):

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with persons/entities connected with Dato' Gan Kim Leong:</u>				
Rental expenses paid	60	60	-	-
Tax consulting fees paid	188	144	9	45
Sales of properties	5,742	2,552	-	-
Commission paid/payable	186	-	-	-
Sale of property to a person connected with Mr Wong Yoke Nyen	-	638	-	-

(b) During the financial year:

(i) the holding company's shares in the Company were pledged as securities for the construction and completion of a joint venture development project of the Group. The market value of these shares as at the end of the financial year was approximately RM20,000,000(2016: RM20,250,000).

(ii) Dato' Chan Kong San and Dato' Gan Kim Leong jointly and severally guaranteed banking facilities granted to a subsidiary company. The amount of these facilities as at the end of the financial year amounted to RM1,619,000(2016: RM1,937,000).

(c) Key management personnel are those Directors, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly. The remuneration paid to these Directors is disclosed in Notes 26 and 29 to the financial statements.

32. DIVIDENDS

	RM'000
2016	
Interim single tier dividend of 1 sen per ordinary share in respect of financial year ended 30 September 2015 paid on 8 January 2016	4,841
Final single tier dividend of 1 sen per ordinary share in respect of financial year ended 30 September 2015 paid on 16 June 2016	4,841
	9,682

NOTES TO THE FINANCIAL STATEMENTS

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33. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

(i) Loans and receivables ("L&R");
(ii) Available-for-sale financial assets ("AFS"); and
(iii) Other liabilities measured at amortised cost ("AC")

Group	Carrying amount RM'000	L&R RM'000	AFS RM'000	AC RM'000
2017				
Financial assets				
Trade and other receivables	218,045	218,045	-	-
Amount due from holding company	3,179	3,179	-	-
Fixed deposits with licensed banks	7,005	7,005	-	-
Investment in short term funds	15,524	-	15,524	-
Cash and bank balances	38,038	38,038	-	-
	281,791	266,267	15,524	-
Financial liabilities				
Borrowings	388,671	-	-	388,671
Trade and other payables	177,048	-	-	177,048
	565,719	-	-	565,719
2016				
Financial assets				
Trade and other receivables	184,911	184,911	-	-
Fixed deposits with licensed banks	3,757	3,757	-	-
Investment in short term funds	7,288	-	7,288	-
Cash and bank balances	14,386	14,386	-	-
	210,342	203,054	7,288	-
Financial liabilities				
Borrowings	276,280	-	-	276,280
Trade and other payables	161,404	-	-	161,404
	437,684	-	-	437,684

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33. FINANCIAL INSTRUMENTS (Cont'd)

Categories of financial instruments (Cont'd)

Company	Carrying amount RM'000	L&R RM'000	AFS RM'000	AC RM'000
2017				
Financial assets				
Trade and other receivables	185	185	-	-
Amount due from subsidiary companies	148,999	148,999	-	-
Investment in short term funds	15,524	-	15,524	-
Cash and bank balances	14	14	-	-
	164,722	149,198	15,524	-
Financial liabilities				
Borrowings	119,994	-	-	119,994
Trade and other payables	2,956	-	-	2,956
Amount due to subsidiary companies	30,197	-	-	30,197
	153,147	-	-	153,147
2016				
Financial assets				
Trade and other receivables	192	192	-	-
Amount due from subsidiary companies	149,280	149,280	-	-
Fixed deposits with licensed banks	73	73	-	-
Investment in short term funds	7,288	-	7,288	-
Cash and bank balances	22	22	-	-
	156,855	149,567	7,288	-
Financial liabilities				
Borrowings	139,798	-	-	139,798
Trade and other payables	3,166	-	-	3,166
Amount due to subsidiary companies	8,273	-	-	8,273
	151,237	-	-	151,237

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33. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing their risks. The Group operates within policies that are approved by the Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows:

33.1 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 primarily from trade and other receivables. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Following are the areas where the Group is exposed to credit risk:

i. Receivables

At the reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, 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 aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Financial assets that are neither past due nor impaired and are past due but not impaired are disclosed in Notes 8, 14 and 15 to the financial statements.

In respect of trade receivables, the Group has significant concentration of credit risk of which RM27,301,000 (2016: RM22,684,000) were due from 1 (2016:1) customer. As at the reporting date, there was no indication that this receivable is not recoverable.

In respect of other receivables, the Group has significant concentration of credit risk of which RM23,068,000 (2016: RM21,450,000) were due from 1 (2016: 1) counterparty. As at the reporting date, there was no indication that this receivable is not recoverable.

Trade receivables consist of a large number of customers in various backgrounds. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are neither past due nor impaired to be good.

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33. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows: (Cont'd)

33.1 Credit risk (Cont'd)

Following are the areas where the Group is exposed to credit risk: (Cont'd)

ii. Intercompany balances

The maximum exposure to credit risk for intercompany balances is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiary companies and monitors the results of the subsidiary companies regularly.

As at the reporting date, there was no indication that the advances to the subsidiary companies are not recoverable.

iii. Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

iv. Financial guarantees

The maximum exposure to credit risk is RM210,443,000(2016: RM124,250,000) in respect of corporate guarantees given to financial institutions for banking facilities granted to and utilised by subsidiary companies and suppliers of subsidiary companies as at the end of the reporting year.

The Company monitors on an on-going basis the results of the subsidiary companies and repayments made by the subsidiary companies. At the reporting date, there was no indication that the subsidiary companies would default on repayment.

33.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

NOTES TO THE FINANCIAL STATEMENTS

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33. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows: (Cont'd)

33.2 Interest rate risk (Cont'd)

In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year are as follows:

	Group RM'000	Company RM'000
2017		
Fixed rate instruments		
Fixed deposits with licensed banks	7,005	-
Finance lease liabilities	2,094	-
Floating rate instrument		
Borrowings	386,577	119,994
2016		
Fixed rate instruments		
Fixed deposits with licensed banks	3,757	73
Finance lease liabilities	1,224	-
Floating rate instrument		
Borrowings	275,056	139,798

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect profit or loss.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 0.5%. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

33. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows: (Cont'd)

33.2 Interest rate risk (Cont'd)

	Net profit for the financial year			
	Group		Company	
	RM'000	RM'000	RM'000	RM'000
	+0.5%	-0.5%	+0.5%	-0.5%
Floating rate instrument				
30 September 2017	(1,933)	1,933	(600)	600
30 September 2016	(1,375)	1,375	(699)	699

33.3 Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

In managing their exposures to liquidity and cash flow risks arises principally from their various payables, loans and borrowings, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

33. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows: (Cont'd)

33.3 Liquidity and cash flow risks

At the end of the reporting year, the Group's non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:

			Group		
			Current	Non-current	
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	More than 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000
2017					
Secured:					
Borrowings	388,671	467,536	184,561	182,460	100,515
Unsecured:					
Trade payables	73,368	73,368	73,368	-	-
Other payables	103,680	103,680	103,680	-	-
	177,048	177,048	177,048	-	-
Total	565,719	644,584	361,609	182,460	100,515
2016					
Secured:					
Borrowings	276,280	324,675	96,926	184,409	43,340
Unsecured:					
Trade payables	58,447	58,447	58,447	-	-
Other payables	102,957	102,957	102,957	-	-
	161,404	161,404	161,404	-	-
Total	437,684	486,079	258,330	184,409	43,340

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

33. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management (Cont'd)

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows: (Cont'd)

33.3 Liquidity and cash flow risks (Cont'd)

At the end of the reporting year, the Company's non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:

			Company		
			Current	**Non-current**	
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**More than 5 years**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2017					
Secured:					
Borrowings	119,994	131,476	49,082	82,080	314
Unsecured:					
Trade payables	254	254	254	-	-
Other payables	2,702	2,702	2,702	-	-
Amount due to subsidiary companies	30,197	30,197	30,197	-	-
	33,153	33,153	33,153	-	-
Total	153,147	164,629	82,235	82,080	314
Financial guarantees	-	210,443	210,443	-	-
2016					
Secured:					
Borrowings	139,798	157,627	45,058	112,096	473
Unsecured:					
Trade payables	254	254	254	-	-
Other payables	2,912	2,912	2,912	-	-
Amount due to subsidiary companies	8,273	8,273	8,273	-	-
	11,439	11,439	11,439	-	-
Total	151,237	169,066	56,497	112,096	473
Financial guarantees	-	124,250	124,250	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities of the Group at the reporting date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or immaterial discounting impact.

It is not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted prices in an active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Company does not intend to dispose of these investments in the near future.

The fair values of financial assets at AFS are detailed as below:

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) inactive markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group and Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Available-for-sale investments				
2017	15,524	-	-	15,524
2016	7,288	-	-	7,288

35. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group sets the amount of capital in proportion to its overall financing structure, that is, equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

35. CAPITAL MANAGEMENT (Cont'd)

There were no changes in the Group's approach to capital management during the current financial year. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings	388,671	276,280	119,994	139,798
Cash and bank balances	(38,038)	(14,386)	(14)	(22)
Investment in short term funds	(15,524)	(7,288)	(15,524)	(7,288)
Fixed deposits with licensed banks	(7,005)	(3,757)	-	(73)
	328,104	250,849	104,456	132,415
Total equity	447,421	403,192	253,171	246,191
Debt-to-equity ratio	0.73	0.62	0.41	0.54

36. OPERATING SEGMENTS

Business segments

Management currently identifies the Group's property development, leisure and hospitality and others as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:

Property development	:	Development of residential, commercial and leisure properties and its related activities
Leisure and hospitality	:	Hotel, water and safari park operator
Others	:	Investment holdings and inactive companies

Transfer pricing between operating segments are on a negotiated basis and all other transactions with third parties are on arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

36. OPERATING SEGMENTS (Cont'd)

Business segments (Cont'd)

	Note	Property development RM'000	Leisure and hospitality RM'000	Others RM'000	Eliminations/ adjustments RM'000	Consolidated RM'000
2017						
Revenue						
External revenue		237,347	43,068	-	-	280,415
Inter-segment	A	-	3,140	3,000	(6,140)	-
		237,347	46,208	3,000	(6,140)	280,415
Results						
Segment profit	B	52,892	2,596	1,516	(2,737)	54,267
Interest income		328	-	244	-	572
Finance costs		(1,373)	(2,054)	(47)	-	(3,474)
Depreciation		(1,735)	(9,822)	(59)	(265)	(11,881)
Taxation		(12,860)	(177)	-	(296)	(13,333)
Other non-cash (expenses)/income	C	599	4,878	48	(599)	4,926
Assets						
Segment assets	D	531,154	370,194	71,357	-	972,705
Additions to non-current assets	E	25,092	51,010	-	(18,214)	57,888
Liabilities						
Segment liabilities	F	160,499	15,488	2,957	-	178,944
2016						
Revenue						
External revenue		176,276	47,948	-	-	224,224
Inter-segment	A	-	2,335	15,000	(17,335)	-
		176,276	50,283	15,000	(17,335)	224,224
Results						
Segment profit	B	43,274	2,532	15,780	(12,998)	48,588
Interest income		272	-	263	-	535
Finance costs		(645)	(2,621)	(675)	-	(3,941)
Depreciation		(1,836)	(10,297)	(256)	-	(12,389)
Taxation		(12,731)	266	16	378	(12,071)
Other non-cash (expenses)/income	C	-	1,733	3,679	-	5,412
Assets						
Segment assets	D	393,732	340,483	63,606	-	797,821
Additions to non-current assets	E	3,861	36,538	3	8,685	49,087
Liabilities						
Segment liabilities	F	145,010	14,427	3,167	-	162,604

NOTES TO THE FINANCIAL STATEMENTS
30 September 2017

36. OPERATING SEGMENTS (Cont'd)

Business segments (Cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A Inter-segment revenues were eliminated on consolidation.

B The following items were added to/(deducted from) segment profit to arrive at "profit before taxation" presented in the consolidated statements of profit or loss and other comprehensive income:

	2017 RM'000	2016 RM'000
Segment profit	54,267	48,588
Interest income	572	535
Finance costs	(3,474)	(3,941)
	51,365	45,182

C Other non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:

	2017 RM'000	2016 RM'000
Biological assets written off	(549)	(339)
Fair value gain on revaluation of investment properties	5,475	5,751
	4,926	5,412

D The following items were added to segments assets to arrive at total assets reported in the consolidated statements of financial position:

	2017 RM'000	2016 RM'000
Segment assets	972,705	797,821
Deferred tax assets	50,361	50,307
Tax recoverable	4	368
Total assets	1,023,070	848,496

NOTES TO THE FINANCIAL STATEMENTS

30 September 2017

36. OPERATING SEGMENTS (Cont'd)

Business segments (Cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements: (Cont'd)

E Additions to non-current assets other than financial instruments and deferred tax assets consist of:

	2017 RM'000	2016 RM'000
Property, plant and equipment	55,674	48,588
Biological assets	535	499
Investment properties	1,679	-
	57,888	49,087

F The following items were added to segments liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

	2017 RM'000	2016 RM'000
Segment liabilities	178,944	162,604
Borrowings	388,671	276,280
Tax payable	3,927	3,038
Deferred tax liabilities	4,107	3,382
Total liabilities	575,649	445,304

Geographical segment

The Group's businesses are operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

Major customers

The Group does not have any revenue from any single external customer which represents 10% or more of the Group's revenue during the financial year and in the previous financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITY

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors of the Company ("Board") is required by the Companies Act 2016 ("Act") to make a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements for the financial year ended 30 September 2017 have been drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year ended on that date in accordance with Financial Reporting Standards and the requirements of the Act.

In preparing the financial statements, the Board has:

- reviewed the accounting policies and ensured that they were consistently applied; and

- in cases where judgements and estimates were made, the judgements and estimates concerned were based on reasonableness and prudence.

The Board has relied on the Group's risk management process and system of internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This Statement of Directors' Responsibility is made in accordance with a resolution of the Board on 16 January 2018.

LIST OF MATERIAL PROPERTIES

Held by the Group

No.	Location	Description/ Existing use	Date of Acquisition/ Date of Valuation	Land Area (sq. metres)	Tenure	Net Book Value (RM)
1	Bukit Gambang Safari Park, Jalan Bukit Gambang Utama, Bukit Gambang Resort City, 26300 Kuantan, Pahang Darul Makmur	Safari park known as Bukit Gambang Safari Park	30.09.2013 / 18.08.2014	558,466	Leasehold/ 99 years	108,697,160
2	Arabian Bay Resort, Jalan Bukit Gambang Utama, Bukit Gambang Resort City, 26300 Kuantan, Pahang Darul Makmur	Corporate centre and club house, sixty-six (66) units of hotel suites and ten (10) units of penthouse suites together with basement level car park, commercial area and parking lots	14.09.2012 / 18.08.2014	33,661	Leasehold/ 99 years	51,111,145
3	Bukit Gambang Water Park, Jalan Bukit Gambang Utama, Bukit Gambang Resort City, 26300 Kuantan, Pahang Darul Makmur	Water theme park known as Bukit Gambang Water Park	18.11.2009 / 18.08.2014	287,327	Leasehold/ 99 years	42,027,617
4	HSD 44568 Lot 23835, Mukim Ulu Lepar, Kuantan, Pahang Darul Makmur	90 units of shoplots and common infrastructure known as East Coast Bazaar	21.12.2009 / 18.08.2014	202,343	Leasehold/ 99 years	20,323,852
5	Lot 67085, Lot 67088 and Lot 67099, Mukim Sungai Petani, Kedah	3 freehold land	30.09.2015	747,070	Freehold	38,062,718
6	Master title no. 3212-3224, 3236-3242, Mukim of Ulu Lepar, District of Kuantan, State of Pahang Darul Makmur	Land held for development/ On-going and future mixed development project known as Global Heritage North and South	20.01.2012 / 18.08.2014	406,700	Freehold	60,150,396
7	Lot 8578, 8579 and part of lot 8110 Blok 9 Salak Land District, Kuching, Sarawak	Land held for development/ On-going and future mixed development project known as Sentoria Samariang Resort City	30.09.2014	2,023,413	Leasehold/ 99 years	136,105,987
8	HSD 44567 PT4380, Mukim Ulu Lepar, District of Kuantan, State of Pahang Darul Makmur	Land held for development/ On-going and future mixed development project known as Taman Bukit Gambang	09.06.2014	323,749	Leasehold/ 99 years	16,339,533
9	PT 280, PT 282 and part of PT 279, Bandar Padang Mat Sirat, Kampung Kok Langkawi, District of Langkawi, Kedah	Land held for development/ On-going and future mixed development project known as Langkawi Geopark and Langkawi Medical Village	01.09.2014	283,283	Leasehold/ 90 years	30,492,000
10	PT 3124 Bandar Kuah 07000 Langkawi	Nature Park	17.11.2017	202,343	15 years	15,307,147

ANALYSIS OF SHAREHOLDINGS

As at 15 January 2018

Total Number of Issued Shares	:	567,265,891 Ordinary Shares (including 1,131,000 Treasury Shares)
Class of Share	:	Ordinary Share
Voting Rights	:	One (1) Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 - 99	52	5.158	2,004	0.000
100 - 1,000	206	20.436	75,839	0.013
1,001 - 10,000	326	32.341	1,243,516	0.219
10,001 - 100,000	319	31.646	8,168,874	1.442
100,001 - 28,306,743*	100	9.920	168,555,106	29.772
28,306,744 and above**	5	0.496	388,089,552	68.550
Total	**1,008**	**100.000**	**566,134,891 ^**	**100.000**

Notes:-

* *less than 5% of issued shares*

** *5% and above of issued shares*

^ *excluding treasury shares of 1,131,000*

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%#	No. of Shares	%#
Sentoria Capital Sdn Bhd	327,923,528	57.923	-	-
Dato' Chan Kong San	-	-	327,923,528 ^	57.923
Dato' Gan Kim Leong	-	-	327,923,528 ^	57.923
State Secretary, Pahang	87,666,024	15.485	-	-

Notes:-

Calculated based on 566,134,891 shares, which do not include 1,131,000 treasury shares.

^ *Deemed interested by virtue of their interest in Sentoria Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

ANALYSIS OF SHAREHOLDINGS

As at 15 January 2018

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%#	No. of Shares	%#
Datuk Aznam Bin Mansor	-	-	-	-
Dato' Chan Kong San	-	-	327,923,528 ^	57.923
Dato' Gan Kim Leong	-	-	327,923,528 ^	57.923
Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad	-	-	-	-
Mr Wong Yoke Nyen	-	-	-	-
Mr Lee Chaing Huat	-	-	-	-

Notes:-

\# *Calculated based on 566,134,891 shares, which do not include 1,131,000 treasury shares.*

^ *Deemed interested by virtue of their interest in Sentoria Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 15 January 2018.

LIST OF TOP THIRTY (30) SHAREHOLDERS

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	Shareholdings	%#
1	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sentoria Capital Sdn Bhd*	132,955,574	23.484
2	Sentoria Capital Sdn Bhd	108,478,475	19.161
3	State Secretary, Pahang	87,666,024	15.485
4	Sentoria Capital Sdn Bhd	29,919,030	5.284
5	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sentoria Capital Sdn Bhd (021)*	29,070,449	5.134
6	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Seriemas Development Sdn Bhd for Sentoria Capital Sdn Bhd*	27,500,000	4.857
7	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt an for AIA Bhd*	22,918,730	4.048
8	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Commerce Trustee Berhad - Kenanga Growth Fund*	12,258,620	2.165
9	Perbadanan Kemajuan Pertanian Negeri Pahang	12,100,000	2.137
10	LKPP Corporation Sendirian Berhad	12,045,000	2.127
11	Maybank Nominees (Tempatan) Sdn Bhd *National Trust Fund (IFM Kenanga)*	6,829,020	1.206
12	Grinterra Sdn Bhd	6,092,060	1.076
13	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (PHEIM)*	4,450,380	0.786

ANALYSIS OF SHAREHOLDINGS

As at 15 January 2018

LIST OF TOP THIRTY (30) SHAREHOLDERS (Cont'd)
(Without aggregating securities from different securities accounts belonging to the same registered holder) (Cont'd)

No.	Name	Shareholdings	%#
14	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)*	4,371,730	0.772
15	Tan Siew Bee	4,345,000	0.767
16	Citigroup Nominees (Asing) Sdn Bhd *CEP for PHEIM SICAV-SIF*	3,708,100	0.654
17	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentsgrowth Fund*	2,779,150	0.490
18	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)*	2,751,540	0.486
19	Anastasia Amanda Beh Gaik Sim	2,591,600	0.457
20	CIMB Islamic Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund*	2,349,930	0.415
21	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (Affin AM B EQ)*	2,294,270	0.405
22	Citigroup Nominees (Tempatan) Sdn Bhd *Kenanga Islamic Investors Bhd for Lembaga Tabung Haji*	2,136,750	0.377
23	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for PHEIM Asean Equity Fund (TCSB)*	1,766,600	0.312
24	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentsbalanced Fund*	1,760,000	0.310
25	Amsec Nominees (Tempatan) Sdn Bhd *Mtrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)*	1,753,950	0.309
26	Base Rock Sdn Bhd	1,555,840	0.274
27	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Bank Ag Singapore for KSC (S) Pte Ltd (Lee Hau Hian)*	1,477,960	0.261
28	Mersec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa*	1,453,000	0.256
29	Amanahraya Trustees Berhad *Amanah Saham Sarawak*	1,444,300	0.255
30	Goh Chun Seng	1,320,000	0.233
	TOTAL	**532,143,082**	**93.995**

Notes:-

\# *Calculated based on 566,134,891 shares, which do not include 1,131,000 treasury shares.*

ANALYSIS OF WARRANT A HOLDINGS

As at 15 January 2018

No. of Warrants	:	13,420,867
Exercise Price of Warrants	:	RM0.57
Exercise Period of Warrants	:	16 April 2014 to 15 April 2019
Expiry Right	:	Each Warrant entitles the holder during the Exercise Period to subscribe for one (1) new ordinary share in the Company at the Exercise Price
Voting Rights	:	The holder of Warrants is not entitled to any voting rights

ANALYSIS OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	235	31.125	13,257	0.098
100 - 1,000	178	23.576	72,218	0.538
1,001 - 10,000	189	25.033	615,352	4.585
10,001 - 100,000	128	16.953	3,532,630	26.321
100,001 - 671,042*	22	2.913	4,678,235	34.857
671,043 and above**	3	0.397	4,509,175	33.598
Total	**755**	**100.000**	**13,420,867**	**100.000**

Notes:-

* *less than 5% of issued warrants*

** *5% and above of issued warrants*

DIRECTORS' WARRANT HOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Datuk Aznam Bin Mansor	-	-	-	-
Dato' Chan Kong San	-	-	-	-
Dato' Gan Kim Leong	-	-	-	-
Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad	-	-	-	-
Mr Wong Yoke Nyen	-	-	-	-
Mr Lee Chaing Huat	-	-	-	-

ANALYSIS OF WARRANT A HOLDINGS

As at 15 January 2018

LIST OF TOP THIRTY (30) WARRANT HOLDERS

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	Warrant Holdings	%
1	LKPP Corporation Sendirian Berhad	2,409,000	17.949
2	Base Rock Sdn Bhd	1,258,400	9.376
3	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Chun Chong*	841,775	6.272
4	CIMB Group Nominees (Asing) Sdn Bhd *Exempt an for DBS Bank Ltd (SFS-PB)*	531,190	3.957
5	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Yen Lang*	374,000	2.786
6	Seah Sook Sun	368,830	2.748
7	Khor Poh Sheng	360,800	2.688
8	Chong Chin Loong	338,250	2.520
9	Gan Songzhuo	275,000	2.049
10	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Su Lian @ Tiew Su Lian (TEO0865C)*	213,400	1.590
11	Er Di Yan @ Er Li Lan	206,800	1.540
12	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Yong Sang*	187,220	1.394
13	Maybank Nominees (Tempatan) Sdn Bhd *Yong Sin Yian*	178,750	1.331
14	Mercsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ho Lih Meng*	165,000	1.229
15	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Tian Fatt (REM 878-Margin)*	163,900	1.221
16	K Malathi A/P G Kesavan Nair	153,890	1.146
17	Leong San Voon	151,800	1.131
18	Soon Kwee Lan	150,810	1.123
19	Ong Khoon Liang	147,620	1.099
20	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loh Yong Huat*	144,100	1.073
21	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Wai Leng (M09)*	121,407	0.904
22	Tan Siew Bee	116,930	0.871
23	Ooi Lip Poh	110,100	0.820
24	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Yok Lin (MD0093)*	110,000	0.819
25	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Goh Chun Chong (MY1416)*	108,438	0.807
26	Goh Chun Seng	96,848	0.721
27	Ho Swee Hwa	96,800	0.721
28	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Lian Hock (E-SPI)*	84,150	0.627
29	Soo Hoo Mei Fuan	83,710	0.623
30	Gan Song Beng	79,908	0.595
	TOTAL	**9,628,826**	**71.745**

ANALYSIS OF WARRANT B HOLDINGS

As at 15 January 2018

No. of Warrants	:	205,867,236
Exercise Price of Warrants	:	RM0.60
Exercise Period of Warrants	:	9 January 2018 to 9 January 2025
Expiry Right	:	Each Warrant entitles the holder during the Exercise Period to subscribe for one (1) new ordinary share in the Company at the Exercise Price
Voting Rights	:	The holder of Warrants is not entitled to any voting rights

Size of Warrant Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	0	0.000	0	0.000
100 - 1,000	19	14.393	11,800	0.005
1,001 - 10,000	57	43.181	271,720	0.131
10,001 - 100,000	33	25.000	1,295,040	0.629
100,001 - 10,293,360*	19	14.393	20,068,208	9.748
10,293,361 and above**	4	3.030	184,220,468	89.485
Total	**132**	**100.000**	**205,867,236**	**100.000**

Notes:-

* *less than 5% of issued warrants*

** *5% and above of issued warrants*

DIRECTORS' WARRANT HOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Datuk Aznam Bin Mansor	-	-	-	-
Dato' Chan Kong San	-	-	194,220,468 ^	94.343
Dato' Gan Kim Leong	-	-	194,220,468 ^	94.343
Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad	-	-	-	-
Mr Wong Yoke Nyen	-	-	-	-
Mr Lee Chaing Huat	-	-	-	-

Notes:-

^ *Deemed interested by virtue of their interest in Sentoria Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

ANALYSIS OF WARRANT B HOLDINGS

As at 15 January 2018

LIST OF TOP THIRTY (30) WARRANT HOLDERS

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	Warrant Holdings	%
1	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sentoria Capital Sdn Bhd*	89,650,304	43.547
2	Sentoria Capital Sdn Bhd	73,119,445	35.517
3	Sentoria Capital Sdn Bhd	10,879,647	5.284
4	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sentoria Capital Sdn Bhd*	10,571,072	5.134
5	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Seriemas Development Sdn Bhd for Sentoria Capital Sdn Bhd*	10,000,000	4.857
6	LKPP Corporation Sendirian Berhad	4,380,000	2.127
7	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentsgrowth Fund*	1,010,600	0.490
8	Anastasia Amanda Beh Gaik Sim	942,400	0.457
9	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentsbalanced Fund*	640,000	0.310
10	Base Rock Sdn Bhd	565,760	0.274
11	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for RHB Capital Fund (200189)*	471,440	0.229
12	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdynamic Fund*	417,560	0.202
13	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Winston Paul A/L Moses Richardson*	300,000	0.145
14	HSBC Nominees (Asing) Sdn Bhd *Morgan Stanley & Co. International PLC (Firm A/C)*	246,000	0.119
15	Lee Hong Sang	160,000	0.077
16	Lim Thiam Sang	152,800	0.074
17	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Siew Kim Lim (MY2848)*	128,000	0.062
18	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Tan Tian Meng (PB)*	120,000	0.058
19	Yap Poh Lay	110,400	0.053
20	Lee Guan Hock	108,160	0.052

ANALYSIS OF WARRANT B HOLDINGS

As at 15 January 2018

LIST OF TOP THIRTY (30) WARRANT HOLDERS (Cont'd)
(Without aggregating securities from different securities accounts belonging to the same registered holder) (Cont'd)

No.	Name	Warrant Holdings	%
21	Seah Sook Sun	106,088	0.051
22	Lim Moi Seng	105,000	0.051
23	Neo Say Yeow	104,000	0.050
24	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Seng Chuan (NGS0110C)*	100,000	0.048
25	Chong Ching Yee	100,000	0.048
26	Keng Chew Har	100,000	0.048
27	Yap Siean Leong	100,000	0.048
28	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Siew Kim Lim*	98,800	0.047
29	Tan Tian Meng	88,000	0.042
30	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Siew Boon Yeong (021)*	54,000	0.026
	TOTAL	**204,929,476**	**99.544**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of SENTORIA GROUP BERHAD ("Company") will be held at Arabian Ballroom 3, Bukit Gambang M.I.C.E Centre, Arabian Bay Resort, Bukit Gambang Resort City, 26300 Gambang, Pahang Darul Makmur on Thursday, 8 March 2018 at 10.30 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 September 2017 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of the following fees to the Non-Executive Directors:

    (i) RM384,000 for the financial year ended 30 September 2017. **Resolution 1**
    (ii) RM8,000 per month with effect from 1 October 2017 until the conclusion of the 20th Annual General Meeting. **Resolution 2**

3. To approve payment of the following attendance allowances to the Non-Executive Directors from 1 February 2017 until the conclusion of the 20th Annual General Meeting: **Resolution 3**

    (i) RM1,500 per Board/shareholders meeting for the Non-Executive Chairman of the Board and RM1,000 per Board/shareholders meeting for each of other Non-Executive Board Members; and
    (ii) RM1,500 per Board committee meeting for the Non-Executive Board Members who are chairs of the Board committees and RM1,000 per Board committee meeting for Non-Executive Board Members who are members of the Board committees.

4. To re-elect the following Directors of the Company who retire pursuant to Article 86 of the Company's Constitution and who have offered themselves for re-election:

    (i) Dato' Chan Kong San **Resolution 4**
    (ii) Mr Wong Yoke Nyen **Resolution 5**

5. To re-appoint Messrs. Grant Thornton Malaysia (formerly known as SJ Grant Thornton) as Auditors of the Company and to hold office until the conclusion of the 20th Annual General Meeting at such remuneration to be determined by the Directors of the Company. **Resolution 6**

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions, with or without modifications:

6. **Authority to Directors pursuant to Sections 75 and 76 of the Companies Act 2016** **Resolution 7**

   "**THAT** subject always to the Companies Act 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and the approvals of any relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to the authority granted pursuant to this resolution, when aggregated with all shares issued pursuant to Sections 75 and 76 of the Act in the preceding 12 months (calculated in accordance with the MMLR) does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance of shares and such authority under this resolution shall continue in force until the conclusion of the 20th Annual General Meeting of the Company or when it is required by law to be held, whichever is earlier, and that the Directors of the Company be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

7. **Proposed renewal of authority for the Company to purchase its own shares** **Resolution 8**

   "**THAT** subject to compliance with all applicable laws, the Company's Constitution, and regulations and guidelines applied from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other relevant regulatory authorities:

   (a) approval and authority be and are hereby given for the Company to utilise up to its total retained earnings, based on its latest audited financial statements available up to the date of transaction, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares in the Company (as may be determined by the Directors of the Company) from Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interests of the Company provided that:

      (i) the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of purchase; and

      (ii) in the event that the Company ceases to hold all or any part of such shares as a result of (among others) cancellations, re-sales and/or distributions of any of these shares so purchased, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceeding 10% of the total number of issued shares of the Company at the time of purchase.

NOTICE OF ANNUAL GENERAL MEETING

(b) the approval and authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be valid and in force until:

  (i) the conclusion of the next Annual General Meeting of the Company ("AGM");
  (ii) the expiry of the period within which the next AGM is required by law to be held; or
  (iii) revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting,

  whichever occurs first.

(c) approval and authority be and are given to the Directors of the Company, in their absolute discretion to:

  (i) deal with the shares so purchased in the following manner:

    (1) to cancel such shares;
    (2) to retain such shares as treasury shares;
    (3) to retain part of such shares as treasury shares and cancel the remainder of such shares; and/or
    (4) in any other manner as may be prescribed by applicable laws and/or regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force,

    and such authority to deal with such shares shall continue to be valid until all such shares have been dealt with by the Directors of the Company.

  (ii) deal with the existing treasury shares of the Company in the following manner:

    (1) to cancel all or part of such shares;
    (2) to distribute all or part of such shares as dividends to shareholders;
    (3) to resell all or part of such shares on Bursa Securities in accordance with the relevant rules of Bursa Securities;
    (4) to transfer all or part of such shares for the purposes of or under an employees' share scheme;
    (5) to transfer all or part of such shares as purchase consideration; and/or
    (6) in any other manner as may be prescribed by applicable laws and/or regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force,

    and such authority to deal with such shares shall continue to be valid until all such shares have been dealt with by the Directors of the Company.

(d) approval and authority be and are given to the Directors of the Company to take all such actions that may be necessary to give effect to this resolution and, in connection therewith, to do all such acts and things as they may deem fit and expedient in the best interest of the Company."

NOTICE OF ANNUAL GENERAL MEETING

8. **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature** **Resolution 9**

"**THAT** subject always to the Companies Act 2016 ("Act"), the Company's Constitution, other applicable laws, guidelines, rules and regulations and the approvals of any relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company and its subsidiary companies to enter into the recurrent related party transactions of a revenue or trading nature with related parties as specified in Section 2.3 of the Circular to Shareholders dated 30 January 2018, provided that such transactions are necessary for the day-to-day operations; in the ordinary course of business and at arms' length based on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and are not detrimental to the minority shareholders of the Company ("Mandate") and that such approval shall continue to be in force until:

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

whichever is the earlier;

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary or expedient to give effect to the Mandate."

9. To transact any other ordinary business of which due notice shall have been given in accordance with the Company's Constitution or the Companies Act 2016.

By Order of the Board

DATUK TAN LEH KIAH
MS LIM CHIEN JOO
MS CHIN LEE CHYEN
Company Secretaries

Seri Kembangan, Selangor Darul Ehsan
30 January 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. *A depositor shall not be regarded as a member entitled to attend this Annual General Meeting ("AGM") and to speak and vote thereat unless his/her name appears on the Record of Depositors as at 2 March 2018 (which is not less than three clear market days before the date of this AGM) issued by Bursa Malaysia Depository Sdn. Bhd. ("Bursa Depository") in accordance with the rules of Bursa Depository.*

2. *A member entitled to attend, speak and vote at the meeting who is the holder of 2 or more shares is entitled to appoint not more than 2 proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.*

3. *Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. Provided that having appointed a proxy to attend in his/her stead, if such member personally attends this AGM, his/her proxy shall be precluded from the meeting.*

4. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.*

6. *The Form of Proxy and the duly completed instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the Company's Registered Office at 56 & 58 (2nd Floor), Jalan Dagang SB 4/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all the resolutions set out in the Notice of this AGM will be put to vote by poll.*

Explanatory Notes on Ordinary Businesses

1. ***Audited Financial Statements for the financial year ended 30 September 2017***

   This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 ("Act") does not require the shareholders to formally approve the Audited Financial Statements. Hence, this item will not put forward for voting.

2. ***Resolution 1 – Payment of Directors' Fees for the financial year ended 30 September 2017***

   Article 96 of the Company's Constitution ("Constitution") provides that Directors' Fees shall be determined by the Company in a general meeting.

   The Directors' Fees are solely for the Non-Executive Directors and are further disclosed in Note 26 to the Financial Statements and the Statement on Corporate Governance on pages 18 to 31 respectively of this Annual Report.

3. ***Resolution 2 – Payment of Directors' Fees with effect from 1 October 2017 until the conclusion of the 20th Annual General Meeting***

   The rationale for the introduction of monthly fixed fees for the Non-Executive Directors is to commensurate and compensate them for their time and effort on an on-going basis for their service to the Company.

4. ***Resolution 3 – Payment of attendance allowances to the Non-Executive Directors from 1 February 2017 until the conclusion of the 20th Annual General Meeting***

   The payment of attendance allowances to the Non-Executive Directors is to defray their travelling and other incidental costs for attending Board's, Board committees' and shareholders' meetings.

NOTICE OF ANNUAL GENERAL MEETING

*5. **Resolutions 4 and 5 – Re-election of Directors Pursuant to Article 86 of the Company's Constitution***

Article 86 of the Constitution expressly states that at every AGM, one-third of the Directors for the time being, shall retire from office. In addition, Article 86 also states that all Directors shall retire from office at least once every three years. A retiring Director shall be eligible for re-election.

Dato' Chan Kong San and Mr Wong Yoke Nyen being eligible, have offered themselves for re-election at this AGM pursuant to the above article.

Both Dato' Chan and Mr. Wong have undergone an annual assessment on their performance and contribution for the financial year ended 30 September 2017 by the Company's Nomination Committee ("NC") and based on this assessment, the Board recommends the re-election of Dato' Chan and Mr. Wong. Both Dato' Chan and Mr. Wong have abstained from all deliberations and decisions on their respective eligibility to stand for re-election at the relevant NC and/or Board meetings, and will continue to abstain from all deliberations and decisions on their respective eligibility to stand for re-election at this AGM.

*6. **Resolution 6 – Re-appointment of Auditors***

Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs Grant Thornton Malaysia (formerly known as SJ Grant Thornton), shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office. Messrs Grant Thornton Malaysia, have indicated their willingness to continue their service until the conclusion of the 20th AGM. The re-appointment of Messrs. Grant Thornton Malaysia as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

This proposed Resolution 6, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

Explanatory Notes on Special Businesses

*1. **Resolution 7 – Authority to Directors pursuant to Sections 75 and 76 of the Companies Act 2016***

The Company has not issued any new shares under the general mandate pursuant to Sections 75 and 76 of the Act for the issuance and allotment of shares up to 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance of the shares, which was approved at the 18th AGM held on 8 March 2017 and which will lapse at the conclusion of this AGM. A renewal of this mandate is sought at this AGM as Resolution 7.

This proposed Resolution 7, if passed, will give the Directors of the Company, from the date of this AGM, the authority to issue and allot shares from the unissued shares of the Company of up to 10% of the total number of shares (excluding treasury shares) of the Company at the time of issuance and for such purposes as the Directors of the Company may consider to be in the best interest of the Company. This authority, unless revoked or varied by the Company in general meeting will expire at the conclusion of the 20th AGM.

This general mandate, if passed, will provide flexibility to the Directors of the Company to allot and issue shares for any possible fund raising activities, including but not limited to placement of shares, for the purposes of funding future investments, working capital, acquisitions and/or such other applications as the Directors of the Company deem fit.

*2. **Resolution 8 – Proposed Renewal of Share Buy-Back Authority***

The proposed Resolution 8, if passed, will empower the Directors to buy-back and/or hold up to a maximum of 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of purchase, by utilising the funds allocated which shall not exceed the total retained earnings of the Company, based on its latest audited financial statements available as of the date of the transaction. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier. The details of this proposal are set out in the Statement to Shareholders dated 30 January 2018, which is dispatched together with this Annual Report.

*3. **Resolution 9 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature***

The proposed Resolution 9, if approved, will allow the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties to related parties. The details of this proposal are set out in the Circular to Shareholders dated 30 January 2018, which is dispatched together with this Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ["MMLR"]

1. **Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)**

   No individual is seeking election as Director at the forthcoming 19th Annual General Meeting ("AGM") of the Company.

2. **General mandate for issue of securities in accordance with Paragraph 6.03(3) of MMLR**

   The details of the proposed authority for Directors to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note on Special Businesses 1 of the Notice of AGM.

SENTORIA
Live Rewarded

SENTORIA GROUP BERHAD
(463344-K)
(Incorporated in Malaysia)

FORM OF PROXY

Number of ordinary shares held

I/We, ____________________ CDS Account No. ____________________

of ____________________

being a Member/Members of **SENTORIA GROUP BERHAD,** hereby appoint ____________________

NRIC No. ____________________ of ____________________

____

or failing him/her ____________________ NRIC No. ____________________ of

____

as failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Arabian Ballroom 3, Bukit Gambang M.I.C.E Centre, Arabian Bay Resort, Bukit Gambang Resort City, 26300 Gambang, Pahang Darul Makmur on Thursday, 8 March 2018 at 10:30 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

Ordinary Business		**For**	**Against**
1.	To approve the payment of Directors' Fees of RM384,000 for the financial year ended 30 September 2017.		
2.	To approve the payment of Directors' Fees with effect from 1 October 2017 until the conclusion of the 20th Annual General Meeting on the basis as set out in the Notice of this Annual General Meeting.		
3.	To approve the payment of attendance allowances to the Non-Executive Directors from 1 February 2017 until the conclusion of the 20th Annual General Meeting on the basis as set out in the Notice of this Annual General Meeting.		
4.	To re-elect Dato' Chan Kong San as Director of the Company.		
5.	To re-elect Mr Wong Yoke Nyen as Director of the Company.		
6.	To re-appoint Messrs. Grant Thornton Malaysia (formerly known as SJ Grant Thornton) as Auditors of the Company.		
Special Business			
7.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
8.	To approve the proposed renewal of authority for the Company to purchase its own shares.		
9.	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

(Please indicate with a "x" as to how you wish your vote/s to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion)

(Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy.)

First named proxy %

Second named proxy %

Dated this ____________ day of ______________, 2018

____

Signature
(If shareholder is a corporation, this part should be executed under seal)

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

SENTORIA
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SENTORIA GROUP BERHAD
(463344-K)

The Company Secretaries
56 & 58 (2nd Floor)
Jalan Dagang SB 4/2
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan

1st Fold Here

Notes:

1. *A depositor shall not be regarded as a member entitled to attend this Annual General Meeting ("AGM") and to speak and vote thereat unless his/her name appears on the Record of Depositors as at 2 March 2018 (which is not less than three clear market days before the date of this AGM) issued by Bursa Malaysia Depository Sdn. Bhd. ("Bursa Depository") in accordance with the rules of Bursa Depository.*

2. *A member entitled to attend, speak and vote at the meeting who is the holder of 2 or more shares is entitled to appoint not more than 2 proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.*

3. *Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. Provided that having appointed a proxy to attend in his/her stead, if such member personally attends this AGM, his/her proxy shall be precluded from the meeting.*

4. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.*

6. *The Form of Proxy and the duly completed instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the Company's Registered Office at 56 & 58 (2nd Floor), Jalan Dagang SB 4/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

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

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www.sentoria.com.my

Head Office:

No. 56 & 58, Jalan Dagang SB 4/2, Taman Sg. Besi Indah
43300 Seri Kembangan, Selangor Darul Ehsan.
T • +603 8943 8388 F • +603 8943 5388