Sentoria Group Berhad

(463344-K)

Annual Report 2018

Enriching Living Experience

Contents

2 Corporate Information
3 Group Corporate Structure
4 Financial Highlights
5 Management Discussion and Analysis of Business Operations and Financial Performance
11 Chairman's Statement
13 Board of Directors' Profile
16 Key Senior Management's Profile
17 Sustainability Statement
19 Corporate Governance Overview Statement
25 Additional Disclosure Requirements
26 Statement on Risk Management and Internal Control
29 Audit and Risk Management Committee Report
33 Directors' Report
38 Statement by Directors and Statutory Declaration

Financial Statements

39 Independent Auditors' Report
43 Statements of Financial Position
45 Statements of Profit or Loss and Other Comprehensive Income
46 Statements of Changes in Equity
48 Statements of Cash Flows
51 Notes to the Financial Statements

127 Statement of Directors' Responsibility
128 List of Material Properties
129 Analysis of Shareholdings
132 Analysis of Warrant A Holdings
134 Analysis of Warrant B Holdings
136 Notice of Annual General Meeting
143 Statement Accompanying Notice of Annual General Meeting
Form of Proxy

CORPORATE INFORMATION

As at 31 December 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 : 03-8943 5388

HEAD OFFICE

56 & 58, Jalan Dagang SB 4/2
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 03-8943 8388
Fax : 03-8943 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)
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)
Unit 210, Block B, Phileo Damansara 1
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-2731 9203
Fax : 03-2731 9399

PRINCIPAL BANKERS

RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Affin Bank Berhad
Malayan Banking Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
Small Medium Enterprise Development Bank Malaysia Berhad
Alliance Bank Malaysia Berhad
Affin Hwang Investment Bank 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. (1160030-V)
- 100% Active Academy Sdn. Bhd. (1261131-K)

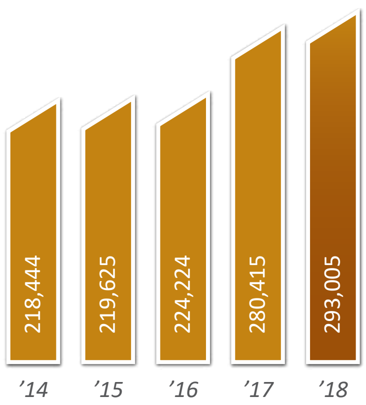
PROPERTY DEVELOPMENT

- 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)

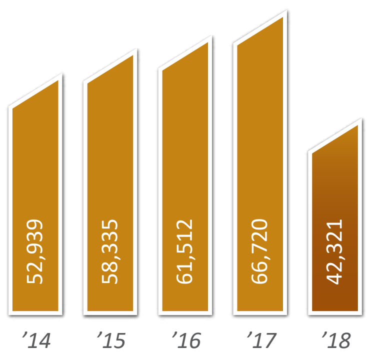
FINANCIAL HIGHLIGHTS

FYE	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Revenue	218,444	219,625	224,224	280,415	293,005
EBITDA	52,939	58,335	61,512	66,720	42,321
Profit before taxation	35,466	37,123	45,182	51,365	25,411
Profit after taxation	28,991	32,115	33,111	38,032	28,064
Shareholders' equity	324,675	376,270	402,717	446,468	535,203
Total assets	659,238	691,264	848,496	1,023,070	1,243,947
Earning per share (sen)	6.62	6.98	6.83	7.00	5.02
Net dividen per share (sen)	2.00	2.00	-	-	-

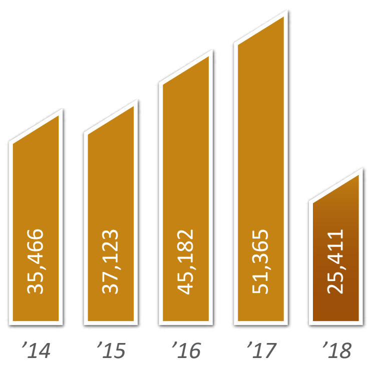
REVENUE
(RM'000)



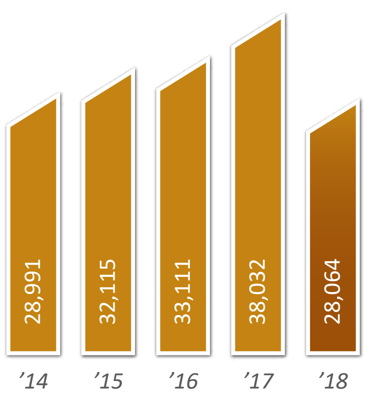
EBITDA
(RM'000)



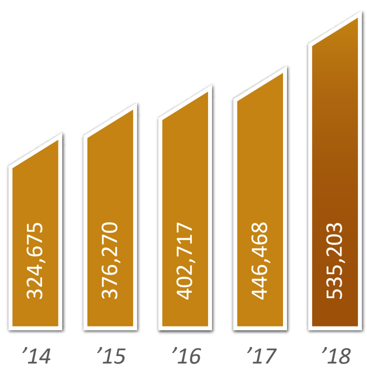
PROFIT BEFORE TAXATION
(RM'000)



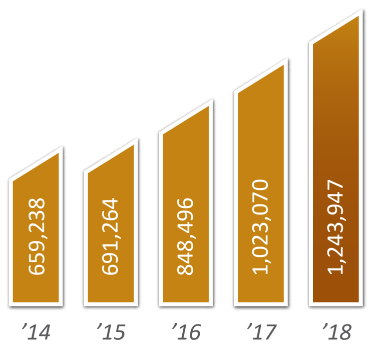
PROFIT AFTER TAXATION
(RM'000)



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, almost all of which are priced below RM300,000 per unit (slightly higher than the median price of RM293,000 for the 3rd quarter 2018 reported by the National Property Information Centre) and are mainly targeted at the Bottom 40% ("B40") and Middle 40% ("M40") households. As of 30 September 2018, the Group's remaining land bank (consisting of its own land and those under joint development) available for development amounted to 1,600 acres. This acreage which is located in the three areas mentioned above, Langkawi and Sungai Petani-Kedah, should be able to sustain the Group's future development activities in the coming decade.

On the leisure and hospitality side, the Group's major facility is 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.

BGRC encompasses Bukit Gambang Water Park ("BGWP"), the largest water theme park on the East Coast of Peninsular Malaysia covering 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. In January 2018, it added several new attractions including a Splash Pool which offers visitors especially children a new level of excitement and experience.

Adjacent to BGWP is Bukit Gambang Safari Park ("BGSP") 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). 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.

2018 was a momentous year for the Group's Leisure and Hospitality Division ("LHD") with the opening of the 30-acre Borneo Samariang Water Park ("BSWP") in Kuching-Sarawak and Langkawi Nature Park ("LNP").

BSWP which opened its doors to the public in March 2018 is the 1st world-class water theme park in Sarawak and Sabah. It has four major sections, namely the Water Park Entrance, Hornbill Island, Salak Beach, and Santubong Tower.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Hornbill Island is dedicated to children as it houses the “Aqua Pool”, “Mount Mulu Clearwater River”, “Leisure Pool” and “Pizza Time”. For the adults, they can look forward to the rides, slides and other activities at Santubong Tower such as “Family Raft”, “Six-Lane Racer”, “Skydrop Ride”, “Crystal Slide”, “Galaxy Slide” and “Canopy Slide”. “Family Raft” which is the highest slide in BSWP measures 80 metres from the ground, roughly 6-storey high.

Salak Beach has a wave pool offering artificial waves for everyone, young and old to enjoy and this section also has cabanas and rest areas.

As for LNP which was officially opened by the YAB Prime Minister in August 2018, it is part of the Kisap forest reserve, the largest mangrove area in Langkawi. Within this natural habitat, visitors can partake in attractions such as taking boat rides to visit Kilim Geoforest Park or taking a walk through the thick natural mangrove jungle via our 800-meter long board walk.

To reiterate the Group’s emphasis of the importance of “geoforest, mangrove swamps and wildlife”, LNP had brought together various species of animals from around the world for the enjoyment of our visitors. These animals include predator animals such as white lions, selected tropical rainforest animals, camelids from around the world as well as bears and antelopes from Africa.

Visitors can also see various species of birds flying freely within the aviary. Some of these birds and animals will be brought out for a closer encounter with visitors during the Animal Show at a special purpose built arena.

YEAR-ON-YEAR FINANCIAL REVIEW

Revenue

For the financial year ended 30 September 2018 (“FY2018”), the Group achieved its highest ever annual revenue of RM293.0 million, an increase of 4.5% over the previous high of RM280.4 million achieved in the preceding financial year (“FY2017”). This increase was contributed by both Property Development Division (“PDD”) and LHD which rose 4.1% and 6.5% year-on-year (“YoY”) respectively. This improvement was due mainly to PDD’s strong performance in the 1st half of FY2018. PDD continued to be the major contributor to Group revenue in FY2018 with a share of 84.3%. As for the improvement in LHD revenue, it was mainly attributed to the newly-opened BSWP and to a lesser extent, LNP.

Gross margin

The Group’s gross margin for FY2018 dropped to 24.4% from that of 34.5% achieved in FY2017.

This decline in margin was mainly caused by reduced margins for projects (especially joint developments) carried out by PDD during FY2018. The reduced margins which reduced PDD’s gross margin from 34.4% in FY2017 to 25.3% for FY2018 was attributed to higher construction costs YoY.

There was also a drop in LHD’s gross margin from 35.2 % in FY2017 to 21.7% for FY2018. This decrease was attributed to lower revenue YoY for BGRC and higher start-up operating costs incurred by BSWP and LNP. In this respect, it must be noted that LHD’s facilities are capital intensive in nature and accordingly, a major portion of its operating costs such as depreciation and salary costs are either fixed or semi-fixed in nature.

Profit before tax

Despite the earlier mentioned increases in revenue, profit before tax (“PBT”) of RM25.4 million for FY2018 was lower by 50.5% from that of RM51.4 attained in FY2017. This decline in profitability was primarily due to lower gross margins of PDD YoY and to a lesser extent, the reduced margins of LHD as described above.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Profit attributable to the equity owners of the Company

Due to the reduced PBT as described above, the Group's profit attributable to the equity owners of the Company decreased by 26.2% to RM28.1 million in FY2018 from that of RM38.0 million for FY2017. This decline was lower than the percentage drop in PBT as a result of the deferred asset recognised in relation to the origination of temporary differences pertaining to the unutilised investment tax allowances of a subsidiary company.

Premised on the above, the basic and diluted earnings per share of the Group declined to 5.02 sen and 5.01 sen respectively in FY2018 from those of 7.00 sen and 6.91 sen for FY2017 (after adjusting for the retrospective adjustments arising from the issue of bonus shares during FY2018).

Liquidity and capital resources

The Group has negative net cash of RM33.2 million as at 30 September 2018 as compared to positive net cash of RM18.6 million as at 30 September 2017. This decline in cash and cash equivalents was due to increased net cash outflows from operating and investing activities and reduced net cash inflows from financing activities YoY. The details of these changes in cash flows are as follows:

(i) Net cash used in operating activities for FY2018 was RM31.3 million, an increased outflow of RM6.1 million from the net cash used of RM25.3 million for FY2017. This increased outflow (net of other inflows) was mainly due to the decline in operating profit from RM61.1 million in FY2017 to RM31.3 million for FY2018 and increase in interest payments to RM22.3 million in FY2018 from that of RM15.8 million for FY2017.

(ii) Net cash outflow for investing activities for FY2018 increased to RM115.4 million from RM59.2 million in FY 2017. This incremental outflow was primarily due to capital expenditure of RM94.8 million (FY2017: RM54.1 million) incurred for the construction of the water theme park in Morib, the convention centre and BSWP in Kuching, and development works for LNP and costs of RM16.5 million (2017: RM1.7 million) incurred on self-constructed investment properties during FY2018.

(iii) Net cash inflow from financing activities of RM95.0 million for FY2018 was RM19.7 million lower than that of RM114.7 million in FY2017. This reduction was due to lower net new borrowings of RM54.4 million during FY2018 compared to that of RM110.1 million in FY2017. The proceeds of RM10.0 million (FY2017: RM6.0 million) from new shares issued and funds raised from the issuance of Warrants-B of RM51.5 million during FY2018 also contributed to the reduction in net cash generated from financing activities YoY.

Gearing

The Group's gearing ratio (calculated as total borrowings divided by shareholders' equity) as at 30 September 2018 was 83.3% as compared to that of 86.9% as of 30 September 2017. The lower gearing ratio YoY was mainly due to the proceeds from the new shares and Warrants-B issued during FY2018.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

REVIEW OF BUSINESS OPERATIONS

Property Development Division

Kuantan

The Group's current on-going developments in Kuantan include Taman Bukit Gambang Phase 3, Taman Bukit Rangin Phase 2B ,3B and 3C 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 150 single-storey houses in Taman Bukit Gambang Phase 2C, 45 units of double-storey shops and 300 single-storey houses of Taman Bukit Rangin Phase 3A were completed and handed over to the house buyers in FY2018.

New launches by the Group in FY2018 include 45 units of single-storey terrace houses and 334 single-storey houses in Taman Bukit Rangin Phase 3C and 40 semi-detached houses in 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 on-going developments (including design and build contracts) in Kuantan is approximately RM383 million. As at 30 September 2018, the take-up rate of these projects (excluding design and build contracts) was 74% and the estimated percentage completion was 68%.

During FY 2018, the Group also secured new design and build contracts with valued at RM197 million. This brought the Group's total design and build contracts in hand to RM392 million and the estimated percentage completion for these contracts at 30 September 2018 was about 35%.

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 current on-going projects here include 156 twin villas and 630 units of Rumah SelangorKu. The GDV of these projects are approximately RM232 million and as at 30 September 2018, the take-up rate of these projects was 54% with the construction progress at 55%.

Kuching

Borneo Samariang Resort City ("BSRC") lies within Bandar Baru Samariang, a new satellite township rapidly taking shape north of Kuching.

The current development of BSRC includes BSWP, service apartments and MICE facilities, and commercial and residential properties.

The on-going development in Borneo Samariang Garden ("BSG"), the residential and commercial component of BSRC, include 428 units of Ataria service apartments, 72 units of semi-detached houses, 478 units of single-storey terrace houses, 243 units of single-storey Spektra terrace houses and 23 units of single-storey terrace shops with an aggregate GDV of approximately RM370 million. As at 30 September 2018, the take-up rate of these projects was 82% with an estimated percentage completion of 64%.

Phase 1 of BSG comprising 265 single-storey terrace houses has been completed and handed over to the buyers in FY2018.

Other locations

Salak Maju Rumah SelangorKu

The Group's project at Mukim Labu, Sepang worth RM20 million is a design and build (including sales and marketing) contract for a proposed block of 130 units of apartments. This project which was launched in FY2018 had achieved 28% completion as at 30 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Leisure and Hospitality Division

As mentioned earlier, the LHD has in FY2018 expanded its sole facility in BGRC to BSWP and LNP. This should augur well for the division going forward as it had expanded its geographical coverage 3-fold.

The leisure and hospitality business which was challenging in FY 2018 is expected to remain challenging in the near term. BGRC had experienced lower visitor arrivals and reduced hotel occupancy in FY2018 and this coupled with high initial operating costs and overheads of BSWP and LNP had been a drag on the Group's performance. Nevertheless, LHD will strive to improve its performance by increased marketing efforts, close monitoring of management and operational efficiencies and implementing cost rationalisation measures.

LOOKING AHEAD

BSRC

The Group has launched a total of 1,127 units of residential homes and shops and 428 units of service apartments to-date. Based on the good response to these launches, the Group will continue to launch similar products to cater for the anticipated future demand.

BSWG has received nearly 90,000 visitors in 2018 since its opening in March 2018. The convention centre in BSRC which is under construction is expected to be completed and opened mid-2019. When the convention centre is completed and Ataria service apartments (scheduled for completion in the 2nd quarter) in place, BSRC will be able to offer the full range of M.I.C.E facilities.

MBRC

Besides the twin villas and Rumah SelangorKu developments as mentioned earlier, the Group is planning launch suitable projects in this location in the coming years.

The construction of the water theme park is targeted for completion by end 2019. This park when completed will offer some 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

LNP is the first component of the Group's development plan for Langkawi.

Going forward, the Group plans to develop Sentoria Langkawi Resort City (70 acres) which comprises retail and street malls, service apartments, a water theme park, hotels and convention centre. This development is awaiting the approval of the development plans by the relevant authorities.

The last component of the Group's development plan in Langkawi is Sentoria Langkawi Wellness on 50 acres of land and will comprise medical training facilities, tourism centres and mixed development.

Sungai Petani-Kedah

The Group's maiden development on this 305-acre land in Sungai Petani-Kedah is now scheduled for 2019. This will be the Group's 1st foot print for property development in northern Peninsular Malaysia.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

PROSPECTS

The Group's development of affordable homes is in line with the Malaysian Government thrust to encourage ownership of affordable houses by the B40 and M40 households. Budget 2019 measures to provide concessionary financing, mortgage guarantees, stamp duties waivers and extended financing term for civil servants together with other measures such as Sales and Services Tax exemptions for construction services and certain building materials for housing units below RM300,000 should benefit the housing industry in general and affordable housing in particular. Although these are all positives to the Group's property development business, the Group is conscious that it will experience margin compression with the rising costs of construction going forward.

As of 30 September 2018, the Group's unbilled sales from its on-going projects in Kuantan, Morib and Kuching achieved a record high of RM425 million. This will provide earnings visibility and sustainability for the Group over the next 12 to 24 months. These on-going projects together with the planned launches in the next twelve months with an aggregate GDV of approximately RM739 million 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 is expected to continue to remain challenging. Nevertheless, it is hopeful that with BSWP and LNP fully operational in the coming year, they will supplement BGRC thereby adding scale to LHD and improving its performance in future.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 30 September 2018 ("FY2018").

REVIEW OF GROUP'S PERFORMANCE

The Group's revenue grew 4.5% year-on-year ("YoY") to RM293.0 million for FY2018. This growth which was due to the strong performance of the Group in the first half of FY2018 was contributed by both the Property Development Division ("PDD") and the Leisure and Hospitality Division ("LHD") which rose 22.9% and 2.4% YoY respectively. While the lower growth of PDD was not unexpected due to the tepid property market during FY2018, it was heartening to see the revenue of LHD increasing after its lack lustre performance in the last few years. This positive was mainly contributed by the opening of Langkawi Nature Park and Borneo Samariang Water Park in January and March 2018 respectively.

Despite revenue growth, the Group's profit from operations and profit before tax decreased by 46.0% and 50.5% respectively YoY to RM24.9 million and RM25.9 million. These decreases were mainly caused by margin compression faced by PDD and higher operating costs of LHD due to the two new parks.

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 10 of this Annual Report.

CORPORATE DEVELOPMENTS

The Company completed the following corporate proposals during FY2018:

(a) a bonus issue of 51.5 million new ordinary shares on the basis of one bonus share for every ten existing shares held at an issue price of 20 sen per share; and

(b) a renounceable rights issue of 205.9 million 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.

Other than the above, the Company did not announce or undertake any other corporate proposals during FY2018.

CHAIRMAN'S STATEMENT

DIVIDENDS

The payment of dividends by the Company shall depend upon the Group's earnings, working and capital expenditure.

In view of the Group's current capital expenditure and working capital needs in the near term as well as the challenging economic outlook, the Board has after much consideration decided not to recommend the payment of any dividend for FY2018.

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

APPRECIATION

I and my fellow Directors would in closing, like to thank our business partners, associates and bankers, for continuing support of and confidence in the Group. To our advisors and the relevant government and regulatory authorities, I wish to express my sincere appreciation for their invaluable assistance and advice throughout FY2018.

Lastly, I thank my fellow Directors and all Sentorians for their loyal and dedicated services in overcoming challenges to make FY2018 a profitable year despite trying operating conditions.

Datuk Aznam bin Mansor
Chairman of the Board

15 January 2019

BOARD OF DIRECTORS' PROFILE

DATUK AZNAM BIN MANSOR
60 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 Hishammuddin Allen & Gledhill, a prominent legal firm in Kuala Lumpur. He also sits on the Board of Mikro MSC Berhad and Focus Lumber Berhad.

He attended all five (5) Board meetings held during the financial year ended 30 September 2018.

DATO' CHAN KONG SAN
57 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 2018.

DATO' GAN KIM LEONG
57 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 four (4) out of five (5) Board meetings held during the financial year ended 30 September 2018.

BOARD OF DIRECTORS' PROFILE

MR LEE CHAING HUAT
65 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 continued with 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 IGB Berhad (formerly known as Glodis Berhad) and Megasteel Sdn. Bhd..

He attended all five (5) Board meetings held during the financial year ended 30 September 2018.

MR WONG YOKE NYEN
59 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 2018.

BOARD OF DIRECTORS' PROFILE

DATO' HJ. ABDUL RAHMAN BIN HJ. IMAM ARSHAD
68 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 all five (5) Board meetings held during the financial year ended 30 September 2018.

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 2018.

KEY SENIOR MANAGEMENT'S PROFILE

MS LOH POH IM
53 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 seven (27) 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 CHUA CHIN ENG
45 years of age, Malaysian, Male
General Manager - Property Development

Mr Chua Chin Eng joined the Group as General Manager of Property Development in 2018 and has overall responsibility for property development in Morib Bay Resort City. His tasks include, amongst others, development planning, and projects implementation and delivery. He holds a Degree in Civil Engineering from University of Oklahoma and Master of Business Administration (MBA) from Charles Stuart University. He brings with him more than twenty (20) years of experience in resorts, residential and mixed-use developments to join the Group. He started his career as a project engineer and climbing to ranks of General Manager position. Prior to joining the Group, he was the General Manager in Millennium Land Sdn. Bhd..

MR TEOH KOK BEE
53 years of age, Malaysian, Male
General Manager - Bukit Gambang Resort City

Mr Teoh Kok Bee was appointed as General Manager of Bukit Gambang Resort City in 2018. His main responsibility in the Group is to manage the overall responsibility business operations of Bukit Gambang Resort City. He holds Bachelor of Science in Hospitality Management from La Trobe University and bring with him more than twenty (20) years wide range of expertise and international experience in hospitality and leisure industry. Prior to joining the Group, he attached with Eco Bayu Sdn. Bhd. as General Manager.

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 2018.*

SUSTAINABILITY STATEMENT

OUR APPROACH

Sustainability has always been a pillar of the Group's culture as we strived to attain financial sustainability and customer satisfaction in a safe, caring and sustainable environment.

The Group understands that responsible corporate behaviour not only contributes to broad-based future benefits for the community and environment but can also enhance opportunities for business success for the Group as well as our stakeholders including, among others, our investors, customers and vendors. Hence, our mission as a responsible corporate citizen is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2018), the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

This is the Group's first sustainability statement and is based on data gathering to help us understand where we are, what we have already done and to determine areas considered material to the Group and its stakeholders in order that we can identify further initiatives towards addressing sustainability risks and implementing sustainability opportunities.

SUSTAINABILITY GOVERNANCE

The responsibility to promote and embed sustainability in the Group lies with the Board of Directors ("Board"). Among others, this responsibility includes overseeing the following:

- Stakeholders engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

In the longer term, the Group will consider the setting-up of a governance structure that will enable the incorporation of the responsibilities for sustainability into the day-to-day operations of the Group.

MATERIAL SUSTAINABILITY MATTERS

Economic

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.sentoria.com.my also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

The Group is committed to see that not only our shareholders' interests are taken of but also those of our customers and suppliers. In this regard, the Group values its customers as they are a major reason for its profitability and sustainability. For our property buyers, we will supply quality homes and services to meet customers' satisfaction and expectation through continual improvements in technology, processes and services as the case may be. As for visitors to our theme parks, we ensure wholesome fun time for the entire family from children to adults. To our suppliers, we practise transparent and fair procurement policies so that our business partners know that they can grow with us and consider us to be their business partner of choice.

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.

SUSTAINABILITY STATEMENT

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.

The application of 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 and Langkawi Nature Park with no less than 4,000 animals were 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.

Social

The Group believes that the safety and well-being of its employees is the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. In this respect, the Group places utmost importance on continuous compliance with all relevant health and safety laws and regulations such as OSHA.

Apart from safety, the promotion of good health and motivation is an essential part of our Group's responsibility to our employees. In addition to the day-to-day motivation measures, it is the Group's practice to organise get-togethers for the staff from time-to-time and in this respect, the Group's 2018 Annual Dinner for its employees (as well as business associates) to mingle and celebrate the year past was held at Bukit Gambang Resort City ("BGRC") on 27 January 2018. In conjunction with the Annual Dinner, the staff were also given the opportunity to enjoy all the attractions in BGRC including Bukit Gambang Water and Safari Parks from 26 to 28 January 2018.

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 will continue to focus on human capital development to nurture our employees to their full potential as they are our greatest asset. Every employee is given equal opportunity to rise up in their careers through hard work and dedication. In this context, we wish to highlight that BGRC also endeavour to provide job opportunities to the Orang Asli community and persons with disabilities.

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.

As we are deeply rooted in the community we operate, we also engage in community outreach programmes and activities. These initiatives may involve philanthropic projects, environmental programs, disaster education or local infrastructure developments. Examples of these initiatives are hosting local orphanages during the breaking of fast during Ramadhan in BGRC and educational tours of Bukit Gambang Safari Park for under privileged children. Helping these less fortunate members of our community is our way of giving back to society.

In September 2018, the Group was one of the prize sponsors for the 41st Penang Starwalk.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") presents this Statement to provide shareholders and investors with an overview of the corporate governance ("CG") practices of the Group during the financial year ended 30 September 2018 ("FY2018"). This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance 2017 ("Code").

This Statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and is to be read in conjunction with the CG Report 2018 ("CG Report") which is available on the Group's website at www.sentoria.com.my.

The CG Report provides the explanations on how the Group applied each Practice set out in the Code during FY2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) Board Responsibilities

The 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 on a sustainable and long term basis.

The Board determines the Group's strategic objectives and ensures that required resources are in place for the Group to meet its objectives and 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. The Board also set the Group's values and standards and ensure that its obligations to the shareholders and other stakeholders are understood and fulfilled.

The above roles and responsibilities of the Board is formalised in the Board Charter. The Board Charter clearly sets out the matters reserved for the Board, except where they are expressly delegated to a Board committee, the Chairman of the Board ("Chairman"), the Joint Managing Directors ("JMDs"), or a nominated member of Executive Management. The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. More information on the Board Charter can be found on the Group's website.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit & Risk Management Committee ("ARMC")
- Nominating Committee ("NC")
- Remuneration Committee ("RC")

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and JMDs are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the JMDs takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-today operations of the Group.

The Board has formalised a Code of Conduct and Ethics which reflects the Group's vision and core values of integrity, respect and trust. The core areas concerned include the following:

- Conflict of interest
- Confidential information
- Insider information and securities trading
- Fair dealings
- Protection and proper use of Group's assets
- Other legal and ethical standards
- Compliance with laws, rules and regulations
- Reporting of any illegal or unethical behaviour
- Compliance procedures

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

(a) Board Responsibilities (Cont'd)

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 breaches of the same. This code is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

To maintain the highest standards of ethical conduct, the Group has a formal Whistle-blowing Policy. As prescribed in this policy, the Board gave their assurance that employees' and third parties' identities will be kept confidential and 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 the reporting is in good faith.

All matters raised will be investigated and whistle-blowers (who are employees of the Group) can report through telephone or via e-mail to their immediate superior who shall then escalate the matters concerned to respective Heads of Department or Head of Human Resources or JMDs or the Chairman of the ARMC. For whistle-blowers who are non-employees of the Group, they can address their concerns to the Chairman of the ARMC.

The Code of Conduct and Ethics which is set out in the Board Charter and the Whistle-blowing Policy can be viewed on the Group's website.

The Group recognises that effective succession planning is integral to the delivery of its strategic plans. It is essential to ensure a continuous level of quality in key management, in avoiding instability by helping mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual, and in promoting 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 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.

The Board members have full and unrestricted access to the Joint Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators. In addition to their corporate secretarial administrative responsibilities, they also advise the Board on its roles and responsibilities, corporate disclosures and regulatory compliance, corporate governance developments and practices.

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

The Board is aware that continuous training for the Directors is vital for 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

(a) Board Responsibilities (Cont'd)

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FY2018 were as follows:

	Training Programmes/Seminars/Conferences Attended
Datuk Aznam bin Mansor	• In House Corporate Training Programme in respect of Corporate Disclosure Policy under the Listing Requirements
Dato' Chan Kong San	• Malaysian Code of Corporate Governance 2017 & Sustainability Reporting Seminar • Effective Person In Charge and 3 Priorities • OKRAS (Objective and Key Results Areas)
Dato' Gan Kim Leong	• Effective Person In Charge and 3 Priorities • OKRAS (Objective and Key Results Areas)
Mr Wong Yoke Nyen	• Sun Tzu's Art of War for Traders and Investors • Series: Effective Corporate Strategy in Current Environment • MCCG and Bursa' Listing Requirements: Towards Meaningful Disclosure • 1MDB: Its Impact on Malaysian Economy
Mr Lee Chaing Huat	• Credit Pathway Workshop • Corporate Banking Relationships • Business Identification
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	• Remuneration Committee: Attracting and retaining the best talents

The Board (via the NC and with assistance of the Joint Company Secretaries) shall continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

(b) Board Composition

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 area relevant to enhance the growth of Group's business. The Directors collectively bring with them wide and varied technical, financial, legal and corporate experience to enable the Board to lead and control the Group effectively.

The Board (via the NC) evaluates the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director. This evaluation which is done annually is facilitated by the Joint Company Secretaries and conducted using evaluation forms covering the following aspects:

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

(b) Board Composition (Cont'd)

Completed evaluation forms and the results of the evaluations are collated into a report and deliberated on by the NC and subsequently by the Board and key issues arising thereon are identified for further action by Executive Management.

Based on the evaluation carried out for FY2018, the NC has informed the Board that it was satisfied with the effectiveness of the Board and Board committees and the contribution and performance of each individual Director.

In addition, the NC having reviewed the self and peer evaluations of the ARMC members, has informed the Board that the ARMC is performing effectively.

The Board opined 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 to attaining the 30% threshold for women Directors. Nevertheless, the Board is consistently looking for potential women Directors and shall appoint women to the Board as and when suitable candidates are identified. The Board is mindful of the gender diversification issue, and will response accordingly at the appropriate junction.

The Board is committed to provide fair and equal opportunities and nurturing diversity in 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 and promotion. 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 inclusive and free from discrimination.

(c) Remuneration

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Executive Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Executive Management.

The RC's recommended remuneration for Directors and Executive Management is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Executive Management.

In relation to the fees and allowances for Directors, it will be presented at the Annual General Meeting ("AGM") for shareholders' approval.

The details of the Director's remuneration policies and practices are included in the Board Charter which is available on the Group's website.

The detailed disclosure on a named basis for the remuneration of individual Directors is set out in Note 26 to the financial statements on pages 106 to 108 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) ARMC

The ARMC currently comprises four members, all of whom are Independent Directors. The ARMC Chairman is Mr Wong Yoke Nyen.

The ARMC's policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors are stipulated in its Terms of Reference.

Prior to the commencement of the annual audit, the ARMC shall seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by ARMC in furtherance of its oversight role are set out in the ARMC Report on pages 29 to 32 of this Annual Report.

(b) Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions via a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group's risks within its risk appetite to ensure the Group achieves its business and corporate objectives.

As for the adequacy and effectiveness of the system of internal control, it is reviewed by the ARMC with assistance from the internal auditors. 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 is maintained by reporting functionally to the Board through the ARMC and administratively to Executive Management. Internal audit reports which are issued have to be 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 in ARMC meetings, status updates on significant matters and changes in key processes that could impact the Group's operations.

Based on the above, the Board is of the view that the risk management process and system of internal control were in place during FY2018 for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on pages 26 to 28 of this Annual Report.

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

(a) Communication with Stakeholders

The Board is committed to ensuring that communications to stakeholders and the investing public in general, regarding the businesses, operations and financial performance of the Group is timely and factual and are available on an equal basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

(a) Communication with Stakeholders (Cont'd)

The release of announcements and information by the Group to Bursa Malaysia Securities Berhad ("Bursa Securities"), is handled by the JMDs, Group Chief Financial Officer and/or the Company Secretaries within the prescribed requirements of the MMLR and the Group Corporate Disclosure Policy ("CDP"). The CDP outlined the procedures and processes to be followed in ensuring compliance by all Directors, officers and employees of the Group. The full text of the CDP is available on the Group's website.

Information is disseminated via annual reports, circulars/statements to shareholders, quarterly and annual financial statements, and announcements from time to time. As these announcements and information can be price sensitive, they are only released after having reviewed by the JMDs and/or the Board where necessary.

The Group's website also provides all relevant information to stakeholders and the investing community. Quarterly and annual financial statements, announcements, financial information, annual reports, and circular/statements to shareholders are uploaded onto the website for investors and the public.

Any shareholders' queries or concerns relating to the Group may be conveyed to our Head of Public and Investor Relations at our Registered Office as detailed below:

No. 56 & 58 Jalan Dagang SB 4/2
Taman Sg. Besi Indah
43300 Seri Kembangan, Selangor
Telephone no. : +603-8943 8388
Facsimile no. : +603-8943 5388
Email : investor@sentoria.com.my

Our Senior Independent Director, Mr Lee Chaing Huat, is designated by the Board to be the contact for consultation and direct communication with shareholders on areas that cannot be resolved through the above normal channels of contact. He too can be contacted at the above addresses.

(b) Conduct of General Meetings

The AGM serves as a principal forum for the Group's dialogue with shareholders. All shareholders are encouraged to attend the AGM, during which 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, and the financial performance and position of the Group.

Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 20th AGM to address shareholders' queries at the meeting. The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.

In line with Practice 12.1 of the Code, the Company's Notice of the forthcoming 20th AGM shall be given to shareholders at least 28 days prior to the meeting.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board on 15 January 2019.

ADDITIONAL DISCLOSURE REQUIREMENTS

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The utilisation of the gross proceeds from the Renounceable Rights Issue of Warrants-B (completed on 12 January 2018) at an issue price of 25 sen per warrant on the basis of four Warrants-B for every ten existing shares held is as follows:

Purpose	**Proposed utilisation**	**Actual utilisation up to 21 August 2018**	**Estimated timeframe for utilisation from 12 January 2018**
	RM'000	**RM'000**	
Working capital:			
Property development projects	35,000	35,000	Within 12 months
General working capital	15,476	15,669	Within 6 months
Defrayment of estimated expenses	1,000	807	Immediate
Total	**51,476**	**51,476**	

Other than the above, the Group did not carry out any fund raising corporate proposal during the financial year ended 30 September 2018 (“FY2018”).

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 FY2018 or which were entered into since the end of the previous financial year ended 30 September 2017.

AUDIT AND NON-AUDIT FEES

The audit fees paid or payable by the Company and the Group to the External Auditors for FY2018 amounted to RM30,000 and RM252,000 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 FY2018, the amount concerned was RM4,000 for the Company and the Group.

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 to ensure the Group achieves its 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"), the Chief Financial Officer ("CFO") and 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 by risk owner in risk registers 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 2018 ("FY2018"), 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (Cont'd)

For FY2018, the Group's key business risks identified and the measures taken to manage these risks were as follows:

1. Risk - Competition from other property developers and other leisure and hospitality operators
   Measure - Carried out segmented promotional and marketing activities and regular review of business performance

2. Risk - Investment risk for the new projects
   Measure - Established procedures for the review of new projects implemented and on-going monitoring during the implementation stage

3. Risk - Cash flow and liquidity
   Measure - Strengthened cash flow management with enhanced policies and procedures and continuous monitoring via gearing ratio analysis, cash flow planning and matching for capital, operation and project needs, and loan restructuring

4. Risk - Seasonal cycle (Leisure & Hospitality Division)
   Measure - Differentiation strategy for mass and corporate customers to minimise the seasonal impact

5. Risk - Attractiveness of activities (Leisure & Hospitality Division)
   Measure - Regular monitoring and updates on the product knowledge and offers to the market

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.

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 FY2018, 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. An operational audit unit which reports directly to the JMDs carry out a systematic review of effectiveness, efficiency and economy of business operations and adherence to financial policies and procedures;
4. The Board and the ARMC meet every quarter to discuss financial performances, business operations and strategies, corporate updates and internal audits findings;
5. Regular training and development programs are attended by employees to enhance their knowledge and competency;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEM (Cont'd)

The key elements of the Group's system of internal control include: (Cont'd)

6. Management financial statements and reports are prepared regularly for monitoring of actual performance by the JMDs and senior management;
7. Key functions such as finance, taxation, treasury, corporate secretarial and compliance and legal matters are controlled centrally from Head Office;
8. A fully independent ARMC comprising exclusively Independent Directors with full and unrestricted access to both Internal and External Auditors; and
9. 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 FY2018 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.

Review of this Statement by the External Auditors

As required by Paragraph 15.23 of the Listing Requirements, the External Auditors, Grant Thornton Malaysia ("GTM"), have reviewed this Statement. Their review procedures were performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"): *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control in the Annual Report* issued by the Malaysian Institute of Accountants.

AAPG 3 does not require GTM 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 and control procedures.

Based on the procedures performed and evidence obtained, GTM have reported to the Board that nothing has come to their attention that causes them to believe that this Statement included in this Annual Report, 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 15 January 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") was established to act as a committee of the Board of Directors ("Board") with the primary objective of assisting 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 was also empowered by the Board to directly oversee the Group's risk management framework and policies and its implementation.

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 the financial year ended 30 September 2018 ("FY2018") and as of the date of this Report together with their attendance record at meetings held during FY2018 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	5/5
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	5/5

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 FY2018. 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 FY2018:

(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 one occasion in FY2018, 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 20th Annual General Meeting of the Company.

(e) Annual Report

- Reviewed and issued this Report for inclusion in the FY2018 Annual Report.
- Reviewed the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Corporate Governance Report, Additional Disclosure Requirements and Management Discussion and Analysis of Business Operations and Financial Performance on behalf of the Board for inclusion in the FY2018 Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ARMC'S ACTIVITIES (Cont'd)

(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 FY2018.
- 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.

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 FY2018, 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

Hotel revenue for Bukit Gambang Resort City (hotel operations):

- reservation and checking-in of guests
- no show and last minute cancellations
- reconciliation of check-in records with online travel agents and corporate accounts in relation to billings and collections
- shift-end handovers process
- uploading of authorised room rates onto E-hors system
- banking-in of revenue

Revenue for Bukit Gambang Safari Park:

- tickets issuing process
- food and beverage sales
- cash collections handover process
- collections and reconciliation with revenue reporting

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION (Cont'd)

(a) Leisure & Hospitality Division (Cont'd)

E-commerce revenue:
- validation of verification codes of vouchers to portal
- duplicate usage of vouchers
- matching of receipts issued to vouchers
- overall review of vouchers to portal

(b) Property Development Division

Project management review for projects in Kuantan, 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

The follow-up reviews carried out by the Internal Auditors during FY2018 were in respect of the following audit areas:

- project management review for projects in Kuching
- revenue, collection and reporting for Bukit Gambang Water and Safari Parks

The Internal Auditors also facilitated the RMC during FY2018 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 FY2018 was RM80,466.

WONG YOKE NYEN
Chairman of Audit and Risk Management Committee

15 January 2019

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 2018.

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 these 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	28,064	976
Attributable to:		
Owners of the Company	28,066	
Non-controlling interests	(2)	
	28,064	

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 who held office during the financial year and up to the date of this report are as follows:

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

Dato' Chan Kong San and Dato' Gan Kim Leong are also 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 1.10.2017**	**Bought**	**Exercised**	**Sold**	**At 30.9.2018**
Indirect interest					
Dato' Chan Kong San*	279,308,414	2,147,000	46,498,114	-	327,953,528
Dato' Gan Kim Leong*	279,308,414	2,147,000	46,498,114	-	327,953,528

	Number of Warrants-A				
Warrants in the Company	**At 1.10.2017**	**Bought**	**Exercised**	**Sold**	**At 30.9.2018**
Indirect interest					
Dato' Chan Kong San*	16,686,886	-	(16,686,886)	-	-
Dato' Gan Kim Leong*	16,686,886	-	(16,686,886)	-	-

	Number of Warrants-B				
	At 1.10.2017	**Bought**	**Exercised**	**Sold**	**At 30.9.2018**
Indirect interest					
Dato' Chan Kong San*	-	-	194,220,468	-	194,220,468
Dato' Gan Kim Leong*	-	-	194,220,468	-	194,220,468

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS (Cont'd)

	Number of ordinary shares			
Shares in Sentoria Capital Sdn. Bhd.	**At 1.10.2017**	**Bought**	**Sold**	**At 30.9.2018**
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' BENEFITS

During and at the end of the financial year, there was no arrangements subsisted to which the Company is a party, being arrangement 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 and the Company for directors' and officers' liability insurance effected for the Directors and certain officers of the Group during the financial year amounted to RM8,570.

ISSUE OF SHARES AND DEBENTURES

During 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 Warrants-A Deed Poll of 27 March 2014 at an 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 capitalisation of the share premium account pursuant to Section 618(3) of the Companies Act 2016 ("**Bonus Issue**"). As a consequence of the Bonus Issue, the Company issued 1,219,957 additional Warrants-A pursuant to the Warrants-A Deed Poll of 27 March 2014; 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.

The details and salient terms of Warrants-A and Warrants-B are disclosed in Note 17 to the financial statements.

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT

TREASURY SHARES

During the financial year, the Company bought 8,280,900 of its own ordinary shares from the open market at an average price of 62.5 sen per share. The total consideration paid for the purchased shares including transaction costs amounting to RM5,021,288 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. 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 567,265,891 issued ordinary shares, 9,411,900 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 557,853,991 ordinary shares.

Subsequent to the end of the financial year and as of the date of this report, the Company bought a further 185,000 of its own shares from the open market at an average price of 42.2 sen per share. The total consideration paid for these purchased shares including transaction costs amounting to RM78,089 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.

As at the date of this report, out of the Company's total 567,265,891 issued ordinary shares, 9,596,900 are held as treasury shares by the Company.

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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; 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 the amount written off for 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (Cont'd)

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

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

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

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, 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 Grant Thornton Malaysia.

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
15 January 2019

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 43 to 126 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 2018 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
15 January 2019

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 43 to 126 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 2016.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
Federal Territory this 15th day of)
January, 2019)
)

....
DATO' GAN KIM LEONG

Before me:

Valliamah A/P Perian [W.594]
Commissioner for Oaths

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 2018 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 43 to 126.

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 2018, 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.

Impairment of trade receivables

The risk - We focused on this area because the Group has material amount of trade receivables that are past due but not impaired. The key associated risk was the recoverability of billed trade receivables as management judgement is required in determining the completeness of the impairment of trade receivables and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response - We have challenged management's assumptions in calculating the impairment of trade receivables. Our procedures included reviewing the ageing of trade receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior year. We also checked the recoverability of outstanding receivables through examination of subsequent cash receipts and other evidence.

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.

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)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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)

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

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

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

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

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

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

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

LIM SOO SIM
(NO: 03335/11/2019 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
15 January 2019

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	512,966	419,245	42,698	42,745
Biological assets	5	3,711	3,657	-	-
Property development costs	6	28,600	22,972	-	-
Investment properties	7	61,805	38,155	12,120	12,120
Investment in subsidiary companies	8	-	-	270,475	187,725
Deferred tax assets	9	60,667	50,361	-	-
Fixed deposits with licensed banks	10	10,242	7,005	403	-
Investment in short term funds	10	7,990	7,524	7,990	7,524
Goodwill on consolidation	11	3	3	-	-
Total non-current assets		685,984	548,922	333,686	250,114
Current assets					
Property development costs	6	219,134	185,032	-	-
Amount due from customers	12	21,491	15,270	-	-
Inventories	13	1,881	1,734	-	-
Trade receivables	14	264,661	188,345	-	-
Other receivables	15	38,443	34,546	721	1,157
Amount due from subsidiary companies	8	-	-	169,999	148,999
Amount due from holding company	8	455	3,179	-	-
Tax recoverable		1,014	4	15	4
Investment in short term funds	10	-	8,000	-	8,000
Cash and bank balances	16	10,884	38,038	51	14
Total current assets		557,963	474,148	170,786	158,174
Total assets		1,243,947	1,023,070	504,472	408,288
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	161,771	152,566	161,771	152,566
Treasury shares	18	(5,883)	(862)	(5,883)	(862)
Revaluation reserve	19	70,614	66,175	35,549	35,549
Warrant reserve	20	51,467	-	51,467	-
Retained earnings		257,234	228,589	66,894	65,918
		535,203	446,468	309,798	253,171
Non-controlling interests	8	951	953	-	-
Total equity		536,154	447,421	309,798	253,171

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
EQUITY AND LIABILITIES (Cont'd)					
Non-current liabilities					
Deferred tax liabilities	9	4,715	4,107	1,970	1,970
Borrowings (secured)	21	254,663	222,483	59,239	75,876
Total non-current liabilities		259,378	226,590	61,209	77,846
Current liabilities					
Trade payables	22	92,340	73,368	-	254
Other payables	23	157,884	105,576	1,800	2,702
Amount due to customers	12	3,984	-	-	-
Amount due to subsidiary companies	8	-	-	77,075	30,197
Tax payable		2,478	3,927	-	-
Borrowings (secured)	21	191,729	166,188	54,590	44,118
Total current liabilities		448,415	349,059	133,465	77,271
Total liabilities		707,793	575,649	194,674	155,117
Total equity and liabilities		1,243,947	1,023,070	504,472	408,288

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 2018

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Revenue	24	293,005	280,415	3,000	3,000
Cost of sales	25	(221,574)	(183,673)	-	-
Gross profit		71,431	96,742	3,000	3,000
Other income		11,813	6,826	336	346
Distribution expenses		(1,871)	(1,950)	-	-
Administration expenses		(51,134)	(46,230)	(2,078)	(1,585)
Other expenses		-	(549)	-	-
Finance costs		(4,828)	(3,474)	(281)	(47)
Profit before tax	26	25,411	51,365	977	1,714
Tax income/(expense)	27	2,653	(13,333)	(1)	-
Net profit for the financial year		28,064	38,032	976	1,714
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land and buildings		6,602	599	-	-
Deferred tax relating to revaluation of land and buildings		(1,584)	(143)	-	-
Other comprehensive income for the financial year		5,018	456	-	-
Total comprehensive income for the financial year		33,082	38,488	976	1,714
Net profit for the financial year attributable to:					
Owners of the Company		28,066	38,029		
Non-controlling interests		(2)	3		
		28,064	38,032		
Total comprehensive income attributable to:					
Owners of the Company		33,084	38,485		
Non-controlling interests		(2)	3		
		33,082	38,488		
Earnings per share attributable to equity holders of the Company (Sen)					
- Basic	28	5.02	7.00		
- Diluted	28	5.01	6.91		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 September 2018

		Attributable to owners of the Company								
			Distributable	Non-distributable			Distributable			
	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
Group										
Balance at 1 October 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-A	17	6,000	-	-	-	-	-	6,000	-	6,000
Additional investment in a subsidiary company		-	-	-	-	-	-	-	475	475
Sale of treasury shares	18	-	725	-	-	-	128	853	-	853
Own shares bought	18	-	(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	17	48,744	-	(48,744)	-	-	-	-	-	-
Balance at 30 September 2017		152,566	(862)	-	66,175	-	228,589	446,468	953	447,421
Crystallisation of revaluation reserve		-	-	-	(579)	-	579	-	-	-
Revaluation of land and buildings		-	-	-	5,018	-	-	5,018	-	5,018
Other comprehensive income for the financial year		-	-	-	4,439	-	579	5,018	-	5,018
Net profit for the financial year		-	-	-	-	-	28,066	28,066	(2)	28,064
Total comprehensive income for the financial year		-	-	-	4,439	-	28,645	33,084	(2)	33,082
Transactions with owners:										
Exercise of Warrants-A	17	10,013	-	-	-	-	-	10,013	-	10,013
Share issuance expenses	17	(808)	-	-	-	-	-	(808)	-	(808)
Issuance of Warrants-B	20	-	-	-	-	51,467	-	51,467	-	51,467
Own shares bought	18	-	(5,021)	-	-	-	-	(5,021)	-	(5,021)
Total transactions with owners		9,205	(5,021)	-	-	51,467	-	55,651	-	55,651
Balance at 30 September 2018		161,771	(5,883)	-	70,614	51,467	257,234	535,203	951	536,154

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 September 2018

		Attributable to owners of the Company						
			Distributable		Non-distributable		Distributable	
	Note	Share capital	Treasury shares	Warrant reserve	Share premium	Revaluation reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company								
Balance at 1 October 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-A	17	6,000	-	-	-	-	-	6,000
Own shares sold								
Sale of treasury shares	18	-	725	-	-	-	128	853
Own shares bought	18	-	(1,587)	-	-	-	-	(1,587)
Total transactions with owners		6,000	(862)	-	-	-	128	5,266
Transition to no-par value regime on 31 January 2017	17	48,744	-	-	(48,744)	-	-	-
Balance at 30 September 2017		152,566	(862)	-	-	35,549	65,918	253,171
Total comprehensive income for the financial year		-	-	-	-	-	976	976
Transactions with owners:								
Exercise of Warrants-A	17	10,013	-	-	-	-	-	10,013
Share issue expenses	17	(808)	-	-	-	-	-	(808)
Issuance of Warrants-B	20	-	-	51,467	-	-	-	51,467
Own shares bought	18	-	(5,021)	-	-	-	-	(5,021)
Total transactions with owners		9,205	(5,021)	51,467	-	-	-	55,651
Balance at 30 September 2018		161,771	(5,883)	51,467	-	35,549	66,894	309,798

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 September 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
OPERATING ACTIVITIES					
Profit before tax		25,411	51,365	977	1,714
Adjustments for:					
Bad debts written off		151	-	-	-
Biological assets written off		102	549	-	-
Depreciation of investment properties		49	53	-	-
Depreciation of property, plant and equipment		11,367	11,137	47	59
Depreciation of biological assets		666	691	-	-
Interest expenses		4,828	3,474	281	47
Dividend income		-	-	(3,000)	(3,000)
Fair value gain on revaluation of investment properties		(10,194)	(5,475)	-	(48)
Gain on disposal of property, plant and equipment		(50)	(171)	-	-
Gain on disposal of investment properties		(29)	-	-	-
Interest income		(917)	(572)	(292)	(244)
Operating profit/(loss) before working capital changes		31,384	61,051	(1,987)	(1,472)
Changes in working capital:					
Property development costs		(25,142)	(45,711)	-	-
Inventories		(147)	465	-	-
Amount due from customers		596	5,511	-	-
Receivables		(77,640)	(36,136)	436	390
Payables		72,104	16,350	(1,156)	(210)
Cash generated from/(used in) operations		1,155	1,530	(2,707)	(1,292)
Interest received		917	572	292	244
Interest paid		(22,308)	(15,829)	(281)	(47)
Tax paid		(11,126)	(11,791)	(15)	(4)
Tax refund		38	239	3	12
Net cash used in operating activities		(31,324)	(25,279)	(2,708)	(1,087)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 September 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	(94,755)	(54,097)	-	-
Purchase of biological assets		(822)	(535)	-	-
Costs incurred on self-constructed investment properties		(16,473)	(1,679)	-	-
Subscription of shares in subsidiary companies		-	-	(82,750)	(1,425)
Proceeds from subscription of shares in a subsidiary company by non-controlling interests		-	475	-	-
Placement of fixed deposits with licensed banks		(3,237)	(3,321)	(403)	-
Additional investment in short term funds		(466)	(236)	(466)	(236)
Proceeds from disposal of property, plant and equipment		51	171	-	-
Proceeds from disposal of investment properties		269	-	-	-
Advances to subsidiary companies		-	-	(18,000)	-
Net cash used in investing activities		(115,433)	(59,222)	(101,619)	(1,661)
FINANCING ACTIVITIES					
Proceeds from issuance of shares		10,013	6,000	10,013	6,000
Share issuance expenses		(808)	-	(808)	-
Proceeds from issuance of Warrants-B		51,467	-	51,467	-
Advances from subsidiary companies		-	-	46,878	25,205
Repayment of finance lease liabilities		(1,129)	(707)	-	-
Repayment of borrowings		(158,354)	(121,907)	(25,132)	(20,238)
Drawdown of borrowings		198,801	232,030	18,500	-
Own shares bought		(5,021)	(1,587)	(5,021)	(1,587)
Proceeds from sale of treasury shares		-	853	-	853
Net cash from financing activities		94,969	114,682	95,897	10,233
CASH AND CASH EQUIVALENTS					
Net changes		(51,788)	30,181	(8,430)	7,485
At beginning of financial year		18,580	(11,601)	(10,972)	(18,457)
At end of financial year	B	(33,208)	18,580	(19,402)	(10,972)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 September 2018

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 RM96,524,000 (2017: RM55,674,000) of which RM1,769,000 (2017: RM1,577,000) were acquired by means of finance lease arrangements. Cash payments of RM94,755,000 (2017: RM54,097,000) were made by the Group to purchase these property, plant and equipment. Included in the cash payments were interest capitalised of RM5,145,000 (2017: RM4,872,000).

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	10,884	38,038	51	14
Investment in short term funds	-	8,000	-	8,000
Bank overdrafts	(44,092)	(27,458)	(19,453)	(18,986)
	(33,208)	18,580	(19,402)	(10,972)

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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 and details of its 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 15th day of January, 2019.

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, except 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 and the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

2. BASIS OF PREPARATION (Cont'd)

2.2 Basis of measurement (Cont'd)

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.

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 FRSs and amendments to FRSs

At the beginning of the financial year, the Group adopted amendments to FRSs which are mandatory for financial years beginning on or after 1 October 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

2. BASIS OF PREPARATION (Cont'd)

2.4 Adoption of new FRSs and amendments to FRSs (Cont'd)

The initial application of the amendments to FRSs did not have material impact to the financial statements, except for:

Amendments to FRS 107 Statement of Cash Flows: Disclosure Initiative

The Group have applied these amendments for the first time in the financial year. The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The details of the above changes are provided in Note 32.3 to the financial statements. In accordance with the provisions of the amendments, no comparative information for the preceding periods is provided.

2.5 Accounting standards issued but not yet effective

Malaysian Financial Reporting Standards

To converge with International Financial Reporting Standards ("**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 their first MFRS financial statements for the financial year ending 30 September 2019.

In presenting their 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 and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 September 2019 and the application of MFRS Framework is not expected to have any material impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

2. BASIS OF PREPARATION (Cont'd)

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

The following are accounting standards that have been issued by MASB but not yet effective and have not been adopted by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation effective 1 January 2018

MFRS 9	*Financial Instruments (IFRS 9 as issued by International Accounting Standards Board in July 2014)*
MFRS 15	*Revenue from Contracts with Customers*
Amendments to MFRS 7	*Mandatory Effective Date of MFRS 9 and Transition Disclosures*
Amendments to MFRS 2*	*Classification and Measurement of Share-based Payment Transactions*
Amendments to MFRS 4*	*Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
Amendments to MFRS 140	*Transfers of Investment Property*
IC Interpretation 22*	*Foreign Currency Transactions and Advance Consideration*

Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 *Disclosure of Interests in Other Entities*)

MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2019

MFRS 16	*Leases*
Amendments to MFRS 9*	*Prepayment Features with Negative Compensation*
Amendments to MFRS 119	*Plan Amendment, Curtailment or Settlement*
Amendments to MFRS 128*	*Long-term Interest in Associates and Joint Ventures*
IC Interpretation 23*	*Uncertainty over Income Tax Treatments*

Annual Improvements to MFRS Standards 2015-2017 Cycle*

Amendments to MFRSs and Amendments to References to the Conceptual Framework in MFRS Standards effective 1 January 2020

Amendments to MFRS 3*	*Definition of a Business*
Amendments to MFRS 101 and MFRS 108	*Definition of Material*

Amendments to References to the Conceptual Framework in MFRS Standards (MFRSs 2, 3, 6, 14, 101, 108, 134, 137, 138 and IC Interpretation 12, 19, 20, 22, 132)

MFRS effective 1 January 2021

MFRS 17*	*Insurance Contracts*

Amendments to MFRSs (deferred - effective date to be announced by the MASB)

Amendments to MFRS 10* and MFRS 128*	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* *Not applicable to the Company's and/or the subsidiary companies' existing operations*

2. BASIS OF PREPARATION (Cont'd)

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

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

MFRS 9 Financial Instruments

MFRS 9 *Financial Instruments* replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. MFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 October 2018, with early application permitted.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During the financial year, the Group had performed an impact assessment of all aspects of MFRS 9 as mentioned above except hedge accounting as no hedging activities being performed by the Group. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group when the Group adopts MFRS 9.

(a) Classification and measurement of financial assets

Investment in short term funds of the Group comprise of investment in equity instruments quoted in Malaysia. These investments are currently held as available-for-sale (**"AFS"**) with gains and losses recorded in other comprehensive income and will be reclassified as fair value through other comprehensive income (**"FVOCI"**) upon the adoption of MFRS 9. MFRS 9 requires all equity investments to be measured as fair value and by default any changes in fair value will be recognised in other comprehensive income. The Group expects a change in the classification of the investments but do not expect any changes on the subsequent measurement of the investments as the current practice of the Group is consistent with MFRS 9.

The Group had assessed that all trade and other receivables, including intragroup balances are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group had analysed the contractual cash flows characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments will not be required.

(b) Impairment of financial assets

MFRS 9 also requires the Group to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on its loans and receivables. The Group has determined that the loss allowance is not expected to be insignificant.

The Group will apply the above new rules retrospectively from 1 October 2018, with short term exemptions permitted under MFRS 1 and will not restate the comparatives for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

2. BASIS OF PREPARATION (Cont'd)

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

The initial applications of the above standards are not expected to have any significant financial impacts to the financial statements of the Group and of the Company, except for (Cont'd):

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for 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 for transferring goods to a customer.

This new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 October 2018, with early adoption permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method.

(a) Revenue recognition

Construction contracts

For construction contracts, the Group has concluded that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, under MFRS 15, the Group would continue to recognise revenue for construction contracts over time rather than at a point in time.

Sales of properties

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset may transfer over time or at a point in time. For properties sold in accordance with the Housing Development (Control and Licensing) Act 1966 (**"HDA"**), control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Therefore, revenue from sale of properties under HDA, without a secured financing arrangement is recognised when it is probable that the Group will collect the consideration of the sale of the property to which it is entitled.

In determining the transaction price, the Group will assess the estimated transaction price based on the most likely amount, constrained up to the amount that is highly probable that would not reverse in the future.

Rendering of services

The Group recognises service revenue from its hotels and theme parks operations only to the extent when the services are performed and the expenses incurred are eligible to be recovered.

The Group concluded that the services are satisfied at a point of time that the customer receives and consumes benefits provided by the Group. Consequently, under MFRS 15 the Group would continue to recognise revenue for these services at a point of time rather than over time.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

2. BASIS OF PREPARATION (Cont'd)

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

The initial applications of the above standards are not expected to have any significant financial impacts to the financial statements of the Group and of the Company, except for (Cont'd):

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

(a) Revenue recognition (Cont'd)

Sales of goods

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer.

In preparing to adopt MFRS 15, the Group considered that some sale of goods contracts with customers provide trade discounts and right of returns. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable and net of trade discounts and returns.

If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under MFRS 15, and will be required to be estimated at contract inception and update thereafter.

MFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group expects that application of the constraint will result in more revenue being deferred than under current MFRS.

(b) Presentation and disclosure requirements

MFRS 15 requires separate presentation of contract assets and contract liabilities in the statement of financial position (**"SOFP"**). This will result in some reclassifications as of 1 October 2018, as they are currently included in other line items of SOFP. Contract assets identified are mainly the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over cumulative billings to-date and contract liability is the obligation to transfer goods or services to the customers for which the Group has received the consideration or has billed the customers.

The presentation and disclosure requirements in MFRS 15 are more detailed than under current MFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures' requirements will be significant.

(c) Other adjustments

The recognition and measurement requirements in MFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets, when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

2. BASIS OF PREPARATION (Cont'd)

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

The initial applications of the above standards are not expected to have any significant financial impacts to the financial statements of the Group and of the Company, except for (Cont'd):

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

(d) Classification of land held for property development and property development cost

Upon withdrawal of FRS 201 *Property Development Activities*, land held for property development and property development costs will be reclassified as inventories as these assets are in the process of production for sale. These inventories will be carried at the lower of cost or net realisable value.

The Group have assessed the effects of applying MFRS 15 on the Group's financial statements and have identified the following affected areas:

- Accounting for customer contracts in relation to property development activities where customer credit assessment has not been performed;
- Accounting for certain costs incurred in fulfilling a contract such as sales and marketing expenses; and
- Presentation of contract assets and contract liabilities in the SOFP – MFRS 15 requires separate presentation of contract assets and contract liabilities in the SOFP.

Based on the assessments undertaken to date, it was estimated that the profit for the financial year would decreased by RM6,082,001, property development expenditure increased by RM15,376,840, and accrued billings and tax payable decreased by RM21,458,841 and RM1,479,245 respectively.

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 leases will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the SOFP 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 SOFP are expected to be different compared with the current position.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

2. BASIS OF PREPARATION (Cont'd)

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.

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:

<u>Useful lives of depreciable assets</u>

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 2018, 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.

<u>Property development</u>

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 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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

2. BASIS OF PREPARATION (Cont'd)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty (Cont'd)

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.

The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates and taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based in those inputs or assumptions and the discount rate applied in the measurement of value in use may have significant effect on the Group's financial position and results if the actual cash flows are less than expected.

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 the Company's loans and receivables as at the reporting date are summarised in Note 32 to the financial statements.

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.

It is the Group's accounting practice to require a detailed 5-year cash flows projection to estimate whether it is probable that future taxable profits will be available to utilise against the deferred tax assets recognised. The Group's management also monitor and assesses annually to ensure the recognition requirements are met.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

2. BASIS OF PREPARATION (Cont'd)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty (Cont'd)

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 in 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.

The stage of completion of any construction contract is assessed by management by taking consideration all the information available at the reporting date. In this process, management makes significant judgements about milestones achieved and actual work performed. The accounting policy for construction contracts is provided in Note 3.11 to the financial statements.

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 core 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 2018

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 is the significant management judgement 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 2018

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 SOFPs. 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 SOFP, 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 AFS financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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 except for land and buildings 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 2018

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 SOFPs 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 2018

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.

Biological assets are 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 2018

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 SOFPs 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 a 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 SOFPs.

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 2018

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

3.8 Impairment of assets

3.8.1 Non-financial assets

At the end of each reporting year, 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.

<u>Financial assets carried at amortised cost</u>

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 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Impairment of assets (Cont'd)

3.8.2 Financial assets (Cont'd)

Financial assets carried at amortised cost (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.

AFS financial assets

For AFS 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 AFS, 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 2018

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) AFS 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 AFS financial assets on their respective SOFP.

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 cash and cash equivalents, amount due from holding company, the Company's 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.

AFS financial assets

AFS 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 AFS financial assets include investments in short term funds.

AFS 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 AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Financial instruments (Cont'd)

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

AFS 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.

AFS 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 SOFPs.

Other liabilities measured at amortised cost

The Group's and the Company's other financial liabilities include borrowings, finance lease liabilities, 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.

3.9.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the SOFP if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Construction contracts (Cont'd)

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.

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 SOFPs.

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.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Leases (Cont'd)

3.14.2 Operating leases

Leases, where substantially all the risks and rewards of ownership of assets remained with the lessor 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.

3.15 Equity and reserves

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 and warrants 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 2018 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.

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserved. This reserve is non-distributable and will be transferred to share capital upon the exercise of warrants. The warrants reserve in relation to unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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 SOFPs 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.19 Tax expense (Cont'd)

3.19.2 Deferred tax (Cont'd)

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.

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 SOFPs 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 and Sales and Service Tax

Supply of goods and services in Malaysia for the financial year to 31 August 2018 was subject to Goods and Service Tax ("GST").

The net amount of such taxes recoverable from, or payable to, the relevant authorities is included as part of "other receivables" or "other payables" in the statements of financial position.

Revenues, expenses and assets are recognised net of the amount of such taxes. If such taxes incurred on the purchase of assets is not recoverable from the authorities, the taxes incurred are recognised as part of the cost of acquisition of the asset.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.22 Goods and Services Tax and Sales and Service Tax (Cont'd)

GST was reset to a standard rate of 0% on 1 June 2018 and Sales and Service Tax ("**SST**") was enacted with effective on 1 September 2018 to replace GST. SST is recognised as part of the cost of acquisition of the asset or as part of the expense item when incurred. SST arising from revenue payable to the authorities is included as part of other payables in the SOFP.

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 entity or the entity; 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 2018

4. PROPERTY, PLANT AND EQUIPMENT

Group	At cost/ valuation Land and buildings	At cost 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
Cost or valuation							
At 1 October 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
Additions	6,705	3,025	243	2,030	169	84,352	96,524
Transfer from investment properties	1,904	-	-	-	-	-	1,904
Transfer from property development costs	-	-	-	-	-	59	59
Reclassification	98,440	-	-	-	-	(98,440)	-
Disposals	-	-	(165)	(5)	-	-	(170)
Revaluation	644	-	-	-	-	-	644
At 30 September 2018	440,889	12,065	8,633	36,696	1,486	74,599	574,368
Accumulated depreciation							
At 1 October 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
Charge for the financial year	5,879	1,492	944	3,004	48	-	11,367
Disposals	-	-	(165)	(4)	-	-	(169)
Revaluation	(5,958)	-	-	-	-	-	(5,958)
At 30 September 2018	15,974	8,216	7,061	28,998	848	-	61,097

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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

Group	At cost/ valuation Land and buildings	At cost 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 30 September 2017/2018	305	-	-	-	-	-	305
Net carrying amount							
At 30 September 2018	424,610	3,849	1,572	7,698	638	74,599	512,966
At 30 September 2017	316,838	2,316	2,273	8,673	517	88,628	419,245

Analysis of land and buildings

Group	At Valuation Freehold land	Long term leasehold land	Long term leasehold buildings	At cost Cabins	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost or valuation					
At 1 October 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
Additions	3,300	72	3,272	61	6,705
Transfer from investment properties	-	-	1,904	-	1,904
Reclassification	-	-	98,440	-	98,440
Revaluation	-	-	644	-	644
At 30 September 2018	45,737	51,537	343,073	542	440,889

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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 2016	-	938	10,048	431	11,417
Charge for the financial year	-	409	4,816	23	5,248
Transfer to property development costs	-	(13)	-	-	(13)
Revaluation	-	(7)	(592)	-	(599)
At 30 September 2017	-	1,327	14,272	454	16,053
Charge for the financial year	-	406	5,441	32	5,879
Revaluation	-	-	(5,958)	-	(5,958)
At 30 September 2018	-	1,733	13,755	486	15,974
Accumulated impairment					
At 30 September 2017/2018	305	-	-	-	305
Net carrying amount					
At 30 September 2018	45,432	49,804	329,318	56	424,610
At 30 September 2017	42,132	50,138	224,541	27	316,838

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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

Company	At valuation	←	At cost		→	
	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 2016/ 30 September 2017/2018	42,675	1,289	159	433	638	45,194
Accumulated depreciation						
At 1 October 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
Charge for the financial year	14	27	-	-	6	47
At 30 September 2018	58	1,222	159	433	624	2,496
Net carrying amount						
At 30 September 2018	42,617	67	-	-	14	42,698
At 30 September 2017	42,631	94	-	-	20	42,745

Analysis of land and buildings

Company	Freehold land	Long term leasehold buildings	Total
	RM'000	RM'000	RM'000
Valuation			
At 1 October 2016/30 September 2017/2018	41,405	1,270	42,675
Accumulated depreciation			
At 1 October 2016	-	30	30
Charge for the financial year	-	14	14
At 30 September 2017	-	44	44
Charge for the financial year	-	14	14
At 30 September 2018	-	58	58
Net carrying amount			
At 30 September 2018	41,405	1,212	42,617
At 30 September 2017	41,405	1,226	42,631

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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

Analysis of land and buildings (Cont'd)

Freehold land, leasehold land and buildings including work-in-progress of the Group and of the Company with net carrying amounts of RM313,728,000 (2017: RM310,407,000) and RM42,617,000 (2017: RM42,631,000) 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.

Included in the construction work-in progress of the Group is interest expenses of RM5,145,000 (2017: RM4,872,000) capitalised during the financial year.

Net carrying amount of assets held under finance lease arrangements:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	1,339	1,833	-	-
Plant and machinery	1,767	669	-	-
	3,106	2,502	-	-

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	
	2018	2017
	RM'000	RM'000
Recurring fair value measurements		
Freehold land	45,432	42,132
Leasehold land	49,804	50,138
Leasehold buildings	329,318	224,541

Company	Level 2	
	2018	2017
	RM'000	RM'000
Recurring fair value measurements		
Freehold land	41,405	41,405
Leasehold buildings	1,212	1,226

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

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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

Level 2 fair values

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 external, independent and qualified valuers to determine the fair values of the freehold and leasehold land and buildings.

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Freehold land	8,573	5,273	4,381	4,381
Accumulated impairment	(305)	(305)	-	-
Carrying amount	8,268	4,968	4,381	4,381
Long term leasehold land	37,525	37,453	-	-
Accumulated depreciation	(1,243)	(946)	-	-
Carrying amount	36,282	36,507	-	-
Long term leasehold buildings	322,594	218,978	931	931
Accumulated depreciation	(33,512)	(22,291)	(193)	(182)
Carrying amount	289,082	196,687	738	749

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

5. BIOLOGICAL ASSETS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Cost		
At beginning of financial year	5,690	6,020
Additions	822	535
Written off	(191)	(865)
At end of financial year	6,321	5,690
Accumulated depreciation		
At beginning of financial year	2,033	1,658
Charge for the financial year	666	691
Written off	(89)	(316)
At end of financial year	2,610	2,033
Net carrying amount	3,711	3,657

Biological assets represent living animal exhibits at the Group's safari park at Bukit Gambang Resort City and at Langkawi Nature Park.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

6. PROPERTY DEVELOPMENT COSTS

	Group	
	2018	2017
	RM'000	RM'000
At beginning of financial year:		
- freehold land, at cost	37,814	34,192
- leasehold land, at cost	120,633	73,255
- development costs	386,328	245,209
	544,775	352,656
Costs incurred during the financial year:		
- freehold land, at cost	3,501	3,622
- leasehold land, at cost	21,681	47,386
- development costs	127,255	144,162
- transfer (to)/from property, plant and equipment	(59)	941
	152,378	196,111
Reversal of completed projects	-	(3,794)
Transfer to inventories	(593)	(198)
	(593)	(3,992)
Total	696,560	544,775
Costs recognised during the financial year:		
- incurred in previous financial years	(336,771)	(201,680)
- incurred during current financial year	(112,055)	(138,885)
- reversal of completed projects	-	3,794
	(448,826)	(336,771)
At end of financial year	247,734	208,004
Analysed as:		
- Current	219,134	185,032
- Non-current	28,600	22,972
	247,734	208,004

Included in the property development costs is interest expenses of RM14,647,000 (2017: RM10,376,000) capitalised during the financial year.

The title deeds to the freehold land and leasehold land under development amounting to RM36,809,000 (2017: RM37,813,000) and RM62,352,000 (2017: RM41,079,000) respectively are registered in the name of third parties.

The freehold land and leasehold land under development amounting to RM36,809,000 (2017: RM37,813,000) and RM121,319,000 (2017: RM107,059,000) 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
30 September 2018

7. INVESTMENT PROPERTIES

Group	Freehold land and building RM'000	Freehold building RM'000	Leasehold buildings RM'000	Long term leasehold land RM'000	Freehold buildings under construction RM'000	Leasehold buildings under construction RM'000	Total RM'000
Cost or fair value							
At 1 October 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
Additions	-	-	-	-	16,326	147	16,473
Transfer to property, plant and equipment	-	-	(1,904)	-	-	-	(1,904)
Fair value gain on revaluation	-	-	-	-	10,194	-	10,194
Disposals	-	-	(130)	(139)	-	-	(269)
Reversal	-	-	-	-	-	(824)	(824)
At 30 September 2018	12,120	7,800	7,722	7,024	26,520	1,002	62,188
Accumulated depreciation							
At 1 October 2016	-	-	214	96	-	-	310
Charge for the financial year	-	-	37	16	-	-	53
At 30 September 2017	-	-	251	112	-	-	363
Charge for the financial year	-	-	34	15	-	-	49
Disposals	-	-	(19)	(10)	-	-	(29)
At 30 September 2018	-	-	266	117	-	-	383
Net carrying amount							
At 30 September 2018	12,120	7,800	7,456	6,907	26,520	1,002	61,805
At 30 September 2017	12,120	7,800	9,505	7,051	-	1,679	38,155

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

7. INVESTMENT PROPERTIES (Cont'd)

Company	Freehold land and buildings RM'000
Fair value	
At 1 October 2016/30 September 2017/2018	12,120

The investment properties of the Group and of the Company with net carrying amounts of RM18,216,450 (2017: RM20,120,000) and RM12,120,000 (2017: RM12,120,000) respectively are pledged to licensed banks to secure banking facilities granted to subsidiary companies. The details of these banking facilities are disclosed in Note 21 to the financial statements.

Included in the above are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At fair value				
Freehold land and buildings	12,120	12,120	12,120	12,120
Freehold building	7,800	7,800	-	-
Leasehold buildings	6,096	8,000	-	-
Long term leasehold land	5,600	5,600	-	-
Freehold buildings under construction	26,520	-	-	-
	58,136	33,520	12,120	12,120
At cost				
Leasehold buildings	1,360	1,505	-	-
Long term leasehold land	1,307	1,451	-	-
Leasehold buildings under construction	1,002	1,679	-	-
	61,805	38,155	12,120	12,120

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.

The fair value of the Group's investment properties has been arrived at on the basis of valuations 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.

7. INVESTMENT PROPERTIES (Cont'd)

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

	Level 2	
	2018	**2017**
Group	**RM'000**	**RM'000**
Recurring fair value measurement		
Freehold land and buildings	12,120	12,120
Freehold building	7,800	7,800
Leasehold buildings	6,096	8,000
Long term leasehold land	5,600	5,600
Freehold buildings under construction	26,520	-

	Level 2	
	2018	**2017**
Company	**RM'000**	**RM'000**
Recurring fair value measurement		
Freehold land and buildings	12,120	12,120

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.

Income and expenses recognised in profit or loss

	Group	
	2018	**2017**
	RM'000	**RM'000**
Rental income	407	353
Direct operating expenses:		
- quit rent and assessment	48	34
- others	20	21

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.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

8. SUBSIDIARY COMPANIES AND HOLDING COMPANY

(a) Investment in subsidiary companies

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares - at cost		
At beginning of financial year	187,725	186,300
Additions during the financial year	82,750	1,425
At end of financial year	270,475	187,725

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

Name of subsidiary company	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal activities
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	Nature park operator
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	Yet to commence active operations
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, safari park operator and investment holding
Sentoria Projects Sdn. Bhd.	100	100	General contractor
Ataria International Sdn. Bhd.	100	100	Hospitality operator
Sentoria Langkawi Sdn. Bhd.	75	75	Theme park operator and property development
Sentoria Utara Sdn. Bhd.	75	75	Property development
Sentoria IBS Sdn. Bhd.*	100	-	Yet to commence active operations
Active Academy Sdn. Bhd.*	100	-	Yet to commence active operations
Subsidiary companies of Sentoria Themeparks and Resorts Sdn. Bhd.			
Blue Sky Leisure Sdn. Bhd.	100	100	Travel agent
Star Wholesale Sdn. Bhd.	100	100	Wholesaler and general merchant

* *Incorporated during the financial year*

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:

2018	**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)	484	467	951
(Loss)/profit allocated to NCI (RM'000)	(7)	5	(2)
2017			
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

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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.

	2018 RM'000	2017 RM'000
Financial position as at reporting date		
Current assets	66,546	61,393
Non-current liabilities	(32,981)	(35,285)
Current liabilities	(31,631)	(24,145)
Net assets	1,934	1,963
Summary of financial performance for the financial year ended 30 September		
Net loss/total comprehensive loss for the financial year	(29)	(11)
Summary of cash flows for the financial year ended 30 September		
Net cash used in operating activities	(4,804)	(5,718)
Net cash from financing activities	4,562	5,734
Net (decrease)/increase in cash and cash equivalents	(242)	16

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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.

	2018 RM'000	2017 RM'000
Financial position as at reporting date		
Non-current assets	36,613	29,679
Current assets	43,291	39,805
Non-current liabilities	(39,832)	(36,958)
Current liabilities	(38,203)	(30,677)
Net assets	1,869	1,849
Summary of financial performance for the financial year ended 30 September		
Net profit/total comprehensive income for the financial year	20	22
Summary of cash flows for the financial year ended 30 September		
Net cash used in operating activities	(2,914)	(26,015)
Net cash used in investing activities	(6,472)	(24,962)
Net cash from financing activities	9,392	51,169
Net increase in cash and cash equivalents	6	192

9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets

	Group	
	2018 RM'000	2017 RM'000
At beginning of financial year	50,361	50,307
Transferred from profit or loss	10,306	54
At end of financial year	60,667	50,361

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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	
	2018	**2017**
	RM'000	**RM'000**
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(26,199)	(20,662)
Revaluation of investment property	(585)	(255)
Unabsorbed business losses	5,184	3,922
Unutilised capital allowances	23,966	16,923
Unutilised tax allowances	66,407	57,820
Revaluation of property, plant and equipment	(8,106)	(8,260)
Other temporary differences	-	873
	60,667	50,361

Deferred tax liabilities

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of financial year	4,107	3,382	1,970	1,970
Transferred (from)/to profit or loss	(976)	582	-	-
Recognised in other comprehensive income	1,584	143	-	-
At end of financial year	4,715	4,107	1,970	1,970

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,487	149	-	-
Revaluation of property, plant and equipment	3,561	3,347	1,970	1,970
Revaluation of investment properties	223	16	-	-
Other temporary differences	(556)	595	-	-
	4,715	4,107	1,970	1,970

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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

Fixed deposits with licensed banks

Group

The fixed deposits with licensed banks 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% (2017: 3.00% to 3.45%) per annum.

Company

The fixed deposits with licensed banks of RM403,000 (2017: Nil) are pledged to licensed bank for banking facilities granted to the Company and bore interest at rates of 3.20% (2017: Nil) per annum.

Investment in short term funds

Group and Company

Investments in short term funds represent investment in equity instruments quoted in Malaysia and are pledged to a licensed bank as security for banking facilities granted to the Company.

11. GOODWILL ON CONSOLIDATION

	Group	
	2018 RM'000	2017 RM'000
At beginning/end of financial year	3	3

12. AMOUNT DUE FROM/(TO) CUSTOMERS

	Group	
	2018 RM'000	2017 RM'000
Cost incurred to date	154,908	82,966
Attributable profits recognised to date	65,869	38,977
	220,777	121,943
Progress billings issued to date	(203,270)	(106,673)
	17,507	15,270
Amount due from customers	21,491	15,270
Amount due to customers	(3,984)	-
	17,507	15,270

Included in the above is interest expenses of RM2,833,000 (2017: RM1,979,000) capitalised during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

13. INVENTORIES

	Group	
	2018	2017
	RM'000	RM'000
Food, beverage and other hotel supplies	1,006	1,452
Completed properties held for sale	875	282
	1,881	1,734

14. TRADE RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Trade debtors	175,716	91,247	84	84
Accrued billings	78,034	89,608	-	-
Retention sums	11,028	7,607	-	
	264,778	188,462	84	84
Accumulated impairment loss at beginning/ end of financial year	(117)	(117)	(84)	(84)
	264,661	188,345	-	-

The normal trade credit terms granted by the Group and the Company range from 21 to 60 days (2017: 21 to 60 days).

Included in trade receivables of the Group are amounts of RM3,619,000 (2017: RM3,865,000) owing by companies in which certain Directors have interests. These amounts are unsecured, interest-free and repayable on demand.

14. TRADE RECEIVABLES (Cont'd)

Ageing analysis of trade receivables

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

	Gross RM'000	Individually impaired RM'000	Net RM'000
Group			
2018			
Not past due	55,257	-	55,257
Past due 1 to 30 days	15,170	-	15,170
Past due 31 to 60 days	8,282	-	8,282
Past due more than 60 days	108,035	(117)	107,918
	186,744	(117)	186,627
2017			
Not past due	20,515	-	20,515
Past due 1 to 30 days	5,759	-	5,759
Past due 31 to 60 days	9,960	-	9,960
Past due more than 60 days	62,620	(117)	62,503
	98,854	(117)	98,737
Company			
2018			
Past due more than 1 year	84	(84)	-
2017			
Past due more than 1 year	84	(84)	-

The Group has trade receivables amounting to RM131,370,000 (2017: RM78,222,000) 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 amounts are 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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

15. OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Non-trade receivables	27,864	26,804	154	154
Deposits	3,004	2,896	31	31
Prepayments	6,248	4,846	536	972
GST recoverable	1,327	-	-	-
	38,443	34,546	721	1,157

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 RM5,024,000 (2017: RM21,675,000).

17. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2018	2017	2018	2017
	Unit '000	Unit '000	RM'000	RM'000
Issued				
Ordinary shares:				
At beginning of financial year	499,111	489,111	152,566	97,822
Issued pursuant to the exercise of Warrants-A (Note 20)	16,688	10,000	10,013	6,000
Share premium - transition to no-par value regime on 31 January 2017*	-	-	-	48,744
Issuance of bonus shares	51,467	-	10,293	-
Items written off against share premium in accordance with Section 618(3) of Companies Act 2016:				
- bonus issue	-	-	(10,293)	-
- share issuance expenses	-	-	(808)	-
At end of financial year	567,266	499,111	161,771	152,566

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.

17. SHARE CAPITAL (Cont'd)

During 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 Warrants-A Deed Poll of 27 March 2014 at an 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 capitalisation of the share premium account pursuant to Section 618(3) of the Companies Act 2016 ("**Bonus Issue**"). As a consequence of the Bonus Issue, the Company issued 1,219,957 additional Warrants-A pursuant to the Warrants-A Deed Poll of 27 March 2014; 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.

* *The share premium amounting to that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74) amounted to RM37,643,000 (2017: RM48,744,000) at the end of the financial year.*

Warrants-A

The main features of Warrants-A which were issued as bonus warrants on 16 April 2014 and 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 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 is 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 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.

13,421,001 (2017: 28,888,896) Warrants-A remained outstanding as of the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

17. SHARE CAPITAL (Cont'd)

Warrants-B

The main features of Warrants-B which were issued on 9 January 2018 and admitted to the Official List and quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 January 2018, are as follows:

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

(b) 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;

(c) the exercise price and the number of warrants is 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 2018; 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 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.

All 205,867,236 Warrants-B issued during the financial year remained outstanding as of the end of financial year.

18. TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2018	2017	2018	2017
	Unit'000	Unit'000	RM'000	RM'000
At beginning of financial year	1,131	-	862	-
Bought	8,281	2,131	5,021	1,587
Sold	-	(1,000)	-	(725)
At end of financial year	9,412	1,131	5,883	862

The average price per share paid by the Company for the purchase of its own ordinary shares from the open market during the financial year was 62.5 sen (2017: 74.5 sen). The total consideration paid for the purchased shares including transaction costs was financed by internally generated funds.

All purchased shares were dealt with as treasury shares in accordance with Section 127 of the Companies Act 2016. There was no cancellation or reissuance of treasury shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

18. TREASURY SHARES (Cont'd)

As at the end of the financial year:

(a) out of the Company's total 567,265,891 (2017: 499,111,104) issued ordinary shares, 9,411,900 (2017: 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 557,853,991 (2017: 497,980,104) ordinary shares.

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

			2018		
	Number of shares	**Amount**	**Highest Price**	**Lowest Price**	**Average Price***
	Unit'000	**RM'000**	**RM**	**RM**	**RM**
At beginning of financial year	1,131	862			0.745
Own shares bought:					
January 2018	1,130	723	0.665	0.620	0.640
February 2018	1,906	1,142	0.650	0.565	0.599
March 2018	1,987	1,261	0.670	0.595	0.635
April 2018	2,112	1,259	0.630	0.570	0.596
May 2018	551	320	0.620	0.555	0.581
June 2018	149	85	0.590	0.560	0.571
July 2018	446	231	0.535	0.500	0.517
At end of financial year	9,412	5,883			0.625

			2017		
	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, where applicable*

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

18. TREASURY SHARES (Cont'd)

Subsequent to the end of the financial year and as of 15 January 2019, the Company bought a further 185,000 of its own shares from the open market at an average price of 42.2 sen per share. The total consideration paid for these purchased shares including transaction costs amounting to RM78,089 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.

As at 15 January 2019, out of the Company's total 567,265,891 issued ordinary shares, 9,596,900 are held as treasury shares by the Company.

19. REVALUATION RESERVE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
At beginning of financial year	66,175	66,298	35,549	35,549
Surplus on revaluation of land and buildings	5,018	456	-	-
Crystallisation of revaluation reserve	(579)	(579)	-	-
At end of financial year	70,614	66,175	35,549	35,549

20. WARRANT RESERVE

	Group and Company	
	2018	2017
	RM'000	RM'000
At beginning of financial year	-	-
Issuance of Warrants-B during the financial year	51,467	-
At end of financial year	51,467	-

The details of Warrants-A and Warrants-B are disclosed in Note 17 to the financial statements.

21. BORROWINGS (SECURED)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current				
Finance lease liabilities	1,205	803	-	-
Bank overdrafts	44,092	27,458	19,453	18,986
Bankers' acceptance	34,973	22,824	-	-
Revolving credit	39,495	34,164	-	-
Bridging loan	36,854	39,037	10,000	-
Term loans	35,110	41,902	25,137	25,132
	191,729	166,188	54,590	44,118
Non-current				
Finance lease liabilities	1,529	1,291	-	-
Revolving credit	3,844	-	-	-
Bridging loan	30,335	5,925	8,500	-
Term loans	218,955	215,267	50,739	75,876
	254,663	222,483	59,239	75,876
Total	446,392	388,671	113,829	119,994

The repayment terms of the term loans vary from monthly instalment or quarterly instalment.

The repayment terms of the bridging loans are by way of redemption from the proceeds of property units sold.

The above 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 buildings of the Company and subsidiary companies;
(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 bridging and term loans, and bank overdrafts bore interest at rates ranging from 0.50% to 2.00% and 1.25% to 2.00% (2017: 0.50% to 2.00% and 1.25% to 2.00%) respectively per annum above the respective banks' base lending rates or cost of funds.

Bankers' acceptance bore commission at rates ranging from 4.55% to 6.30% (2017: 4.95% to 6.08%) per annum.

Revolving credit bore interest at rates ranging from 1.50% to 2.50% (2017: 1.50% to 2.50%) per annum above the respective banks' cost of funds.

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

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

21. BORROWINGS (SECURED) (Cont'd)

The payment schedule of finance lease liabilities are as follows:

	Group	
	2018	2017
	RM'000	RM'000
Minimum lease payments		
- within 1 year	1,387	897
- after 1 year but not later than 5 years	1,566	1,370
	2,953	2,267
Interest in suspense	(219)	(173)
Present value of finance lease liabilities	2,734	2,094
Present value of finance lease liabilities		
- within 1 year	1,205	803
- after 1 year but not later than 5 years	1,529	1,291
	2,734	2,094

The finance lease liabilities of the Group bore interest at rates ranging from 2.28% to 4.00% (2017: 2.28% to 4.00%) per annum.

22. TRADE PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Trade creditors	82,184	59,565	-	-
Retention sums	10,156	13,803	-	254
	92,340	73,368	-	254

The normal trade credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

23. OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-trade payables	14,836	23,991	760	1,539
Accruals	141,561	79,689	1,040	1,163
Advances received	1,487	1,896	-	-
	157,884	105,576	1,800	2,702

Included above are amounts of:

- RM32,000 (2017: RM384,000) being the Company's provision for Directors' fees.
- RM1,080,000 (2017: RM1,080,000) owing by a subsidiary company to a NCI.

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

24. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sales of properties	148,287	214,014	-	-
Rendering of services	45,883	43,068	-	-
Contract revenue	98,835	23,333	-	-
Dividend income	-	-	3,000	3,000
	293,005	280,415	3,000	3,000

25. COST OF SALES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sales of properties	112,531	138,978	-	-
Rendering of services	37,100	29,715	-	-
Contract cost	71,943	14,583	-	-
Others	-	397	-	-
	221,574	183,673	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

26. PROFIT BEFORE TAX

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
- statutory audit	272	243	30	30
- non-statutory audit	4	4	-	-
Rental expenses - equipment	257	62	-	-
Rental expenses - machinery	12,852	8,790	-	-
Rental expenses - motor vehicle	6	6	-	-
Rental expenses - premises	608	550	48	48
Rental expenses - staff quarters	162	47	-	-
Rental expenses - hotel suites	12,027	11,843	-	-
And crediting:				
Rental income – premises	328	408	44	54

The details of Directors' remuneration are as follows:

Group 2018	Salaries RM'000	Fees RM'000	Bonus RM'000	Attendance allowances RM'000	Defined contribution plan RM'000	Social security contributions RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors								
Dato' Chan Kong San	3,480	-	796	-	812	1	23	5,112
Dato' Gan Kim Leong	3,480	-	796	-	812	1	23	5,112
	6,960	-	1,592	-	1,624	2	46	10,224
Non-Executive Directors								
Datuk Aznam bin Mansor	-	96	-	17	-	-	-	113
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	-	96	-	15	-	-	-	111
Lee Chaing Huat	-	96	-	15	-	-	-	111
Wong Yoke Nyen	-	96	-	16	-	-	-	112
	-	384	-	63	-	-	-	447
	6,960	384	1,592	63	1,624	2	46	10,671

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

26. PROFIT BEFORE TAX (Cont'd)

The details of Directors' remuneration are as follows (cont'd):

Group 2017	Salaries RM'000	Fees RM'000	Bonus RM'000	Attendance allowances RM'000	Defined contribution plan RM'000	Social security contributions RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors								
Dato' Chan Kong San	3,036	-	253	-	625	1	14	3,929
Dato' Gan Kim Leong	3,036	-	253	-	625	1	14	3,929
	6,072	-	506	-	1,250	2	28	7,858
Non-Executive Directors								
Datuk Aznam bin Mansor	-	96	-	13	-	-	-	109
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	-	96	-	12	-	-	-	108
Lee Chaing Huat	-	96	-	14	-	-	-	110
Wong Yoke Nyen	-	96	-	15	-	-	-	111
	-	384	-	54	-	-	-	438
	6,072	384	506	54	1,250	2	28	8,296

Company 2018	Salaries RM'000	Fees RM'000	Bonus RM'000	Attendance allowances RM'000	Defined contribution plan RM'000	Social security contributions RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors								
Dato' Chan Kong San	96	-	24	-	23	-	23	166
Dato' Gan Kim Leong	96	-	24	-	23	-	23	166
	192	-	48	-	46	-	46	332
Non-Executive Directors								
Datuk Aznam bin Mansor	-	96	-	7	-	-	-	103
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	-	96	-	15	-	-	-	111
Lee Chaing Huat	-	96	-	15	-	-	-	111
Wong Yoke Nyen	-	96	-	16	-	-	-	112
	-	384	-	53	-	-	-	437
	192	384	48	53	46	-	46	769

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

26. PROFIT BEFORE TAX (Cont'd)

The details of Directors' remuneration are as follows (cont'd):

Company 2017	Salaries RM'000	Fees RM'000	Bonus RM'000	Attendance allowances RM'000	Defined contribution plan RM'000	Social security contributions RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors								
Dato' Chan Kong San	96	-	8	-	20	-	14	138
Dato' Gan Kim Leong	96	-	8	-	20	-	14	138
	192	-	16	-	40	-	28	276
Non-Executive Directors								
Datuk Aznam bin Mansor	-	96	-	13	-	-	-	109
Dato' Hj. Abdul Rahman bin Hj. Imam Arshad	-	96	-	12	-	-	-	108
Lee Chaing Huat	-	96	-	14	-	-	-	110
Wong Yoke Nyen	-	96	-	15	-	-	-	111
	-	384	-	54	-	-	-	438
	192	384	16	54	40	-	28	714

27. TAX INCOME/(EXPENSE)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax:				
- Current year tax expense	(9,245)	(12,856)	-	-
- Over/(under) provision in prior financial years	616	51	(1)	-
Deferred tax:				
- Origination and reversal of temporary differences	11,282	(528)	-	-
	2,653	(13,333)	(1)	-

Malaysian income tax is calculated at the statutory rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

The Group has net tax income for the financial year due to the recognition of investment tax allowances of a subsidiary company. This subsidiary company is entitled to investment tax allowances of 60% of its qualifying expenditure incurred within 5 years from the year of assessment 2018.

The Company has no tax expense for the financial year as its dividend is not subject to tax.

27. TAX INCOME/(EXPENSE) (Cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	%	%	%	%
Applicable statutory income tax rate	(24.0)	(24.0)	(24.0)	(24.0)
Tax effects in respect of:				
Expenses not deductible for tax purposes	(7.8)	(3.6)	(56.4)	(22.7)
Income not subject to tax	3.4	2.2	80.4	46.7
Movement in investment tax allowances recognised during the financial year	36.4	(1.4)	-	-
Over provision of taxation in prior financial years	2.4	0.1	(0.1)	-
Over provision of deferred tax in prior financial years	-	0.8	-	-
Average effective tax rate	10.4	(25.9)	(0.1)	-

The unabsorbed business losses, and unutilised capital allowances and investment tax allowances of certain subsidiary companies, which can be carried forward to offset against their respective future taxable profits, amounted to approximately RM22,759,000 (2017: RM16,749,000), RM100,160,000 (2017: RM70,542,000) and RM297,427,000 (2017: RM247,231,000) respectively. These amounts are subject to agreement by the Inland Revenue Board of Malaysia.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2018	2017
	RM'000	RM'000
Unabsorbed business losses	1,159	407
Unutilised capital allowances	301	29
Unutilised investment tax allowances	20,731	6,314
	22,191	6,750

The potential deferred tax assets have not been recognised in respect of the above items as it is not probable that sufficient future taxable profits will be available against which the subsidiary company concerned can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

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	
	2018	**2017 Restated**
Net profit attributable to equity holders of the Company (RM'000)	28,066	38,029
Weighted average number of ordinary shares in issue (unit'000)*	559,228	543,224
Basic earnings per share (sen)	5.02	7.00

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.

	Group	
	2018	**2017 Restated**
Net profit attributable to equity holders of the Company (RM'000)	28,066	38,029
Weighted average number of ordinary shares in issue (unit'000)*	560,426	550,122
Diluted earnings per share (sen)	5.01	6.91

* *The weighted average number of ordinary shares in issue of the previous financial year was restated to reflect the retrospective adjustments arising from the issuance of the bonus shares during the financial year referred to in Note 17.*

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

29. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Executive Directors' remuneration	10,178	7,830	286	248
Salaries, wages and other emoluments	40,840	31,760	109	241
Defined contribution plan	3,488	2,585	13	28
Social security contributions	433	305	1	2
Other staff related expenses	2,085	1,551	232	14
	57,024	44,031	641	533

Included in the above are key management personnel's remuneration of:

	Group	
	2018	2017
	RM'000	RM'000
Salaries, wages and other emoluments	1,174	908
Defined contribution plan	122	96
Social security contributions	3	2
	1,299	1,006

30. COMMITMENTS

	Group	
	2018	2017
	RM'000	RM'000
Capital commitments		
Authorised and contracted for:		
- property, plant and equipment	49,703	40,393
- biological assets	1,284	1,206
	50,987	41,599
Operating lease commitments		
Not later than 1 year	12,193	8,273
Later than 1 year but not later than 5 years	7,303	7,152
	19,496	15,425

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

31. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company:				
Rental expenses paid	35	24	-	-
Sales of properties	-	4,542	-	-
Transactions with subsidiary companies:				
Dividend received	-	-	3,000	3,000
Accommodation paid	-	-	227	47
Transactions with companies in which Dato' Chan Kong San and Dato' Gan Kim Leong have interests:				
Rental expenses paid to Bukit Gambang Capital Sdn. Bhd. (**"BGC"**)	415	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"**)	24	364	-	-
Rental income received/receivable from IAT	281	473	-	-
Transactions with persons/ entities connected with Dato' Gan Kim Leong:				
Rental expenses paid/payable	60	60	-	-
Tax consulting fees paid/payable	74	188	10	9
Sales of properties	-	5,742	-	-
Commission paid/payable	171	186	-	-

(b) During the financial year:

(i) the holding company's shares in the Company were pledged as security 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 RM12,875,000 (2017: RM20,000,000). The holding company also provided a corporate guarantee and indemnity to guarantee the payment by the Group of certain sums of up to RM30,000,000 (2017: RM30,000,000) due to the land owner for the project concerned.

(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 RM1,277,000 (2017: RM1,619,000).

(c) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, and includes any Director (whether executive or otherwise). The detailed information on the Directors' and other key management personnel's remuneration are disclosed in Notes 26 and 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

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

(i) Loans and receivables ("**L&R**");
(ii) AFS financial assets; and
(iii) Other liabilities measured at amortised cost ("**AC**")

Group	Carrying amount RM'000	L&R RM'000	AFS RM'000	AC RM'000
2018				
Financial assets				
Trade and non-trade receivables	295,529	295,529	-	-
Amount due from holding company	455	455	-	-
Fixed deposits with licensed banks	10,242	10,242	-	-
Investment in short term funds	7,990	-	7,990	-
Cash and bank balances	10,884	10,884	-	-
	325,100	317,110	7,990	-
Financial liabilities				
Borrowings	446,392	-	-	446,392
Trade and other payables	248,737	-	-	248,737
	695,129	-	-	695,129
2017				
Financial assets				
Trade and non-trade 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

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

32. FINANCIAL INSTRUMENTS (Cont'd)

32.1 Categories of financial instruments

Company	Carrying amount RM'000	L&R RM'000	AFS RM'000	AC RM'000
2018				
Financial assets				
Non-trade receivables	185	185	-	-
Amount due from subsidiary companies	169,999	169,999	-	-
Fixed deposit with licensed banks	403	403	-	-
Investment in short term funds	7,990	-	7,990	-
Cash and bank balances	51	51	-	-
	178,628	170,638	7,990	-
Financial liabilities				
Borrowings	113,829	-	-	113,829
Trade and other payables	1,800	-	-	1,800
Amount due to subsidiary companies	77,075	-	-	77,075
	192,704	-	-	192,704
2017				
Financial assets				
Non-trade 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

32.2 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.

32. FINANCIAL INSTRUMENTS (Cont'd)

32.2 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:

(a) 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 SOFPs.

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 14 and 15 to the financial statements.

In respect of trade receivables, the Group has significant concentration of credit risk of which RM120,938,000 (2017: RM27,301,000) were due from 1 (2017: 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 RM24,203,000 (2017: RM23,068,000) were due from 1 (2017: 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 of 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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

32. FINANCIAL INSTRUMENTS (Cont'd)

32.2 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):

(a) Credit risk (Cont'd)

ii. Intercompany receivables

The maximum exposure to credit risk for intercompany receivables is represented by their carrying amounts in the SOFPs.

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 for financial guarantees is RM278,359,000 (2017: RM210,443,000) which is 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 Group monitors on an on-going basis the results of the said subsidiary companies and the utilisation of the banking facilities concerned. At the reporting date, there was no indication of any default of the said banking facilities by the subsidiary companies.

(b) 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.

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.

32. FINANCIAL INSTRUMENTS (Cont'd)

32.2 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):

(b) Interest rate risk (Cont'd)

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
2018		
Fixed rate instruments		
Fixed deposits with licensed banks	10,242	403
Finance lease liabilities	2,734	-
Floating rate instrument		
Borrowings	443,658	113,829
2017		
Fixed rate instruments		
Fixed deposits with licensed banks	7,005	-
Finance lease liabilities	2,094	-
Floating rate instrument		
Borrowings	386,577	119,994

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.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

32. FINANCIAL INSTRUMENTS (Cont'd)

32.2 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):

(b) Interest rate risk (Cont'd)

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 with all other variables held constant:

	(Decrease)/increase in net profit			
	Group		Company	
	RM'000	RM'000	RM'000	RM'000
	+0.5%	-0.5%	+0.5%	-0.5%
Floating rate instrument				
2018	(2,218)	2,218	(569)	569
2017	(1,933)	1,933	(600)	600

(c) Liquidity risk

Liquidity risk is the risk 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 risk 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 2018

32. FINANCIAL INSTRUMENTS (Cont'd)

32.2 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):

(c) Liquidity risk (Cont'd)

At the end of the reporting year, the Group's non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:

			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
Group					
2018					
Secured:					
Borrowings	446,392	551,456	205,466	232,813	113,177
Unsecured:					
Trade payables	92,340	92,340	92,340	-	-
Other payables	156,397	156,397	156,397	-	-
	248,737	248,737	248,737	-	-
Total	695,129	800,193	454,203	232,813	113,177
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

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

32. FINANCIAL INSTRUMENTS (Cont'd)

32.2 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):

(c) Liquidity risk (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 (Cont'd):

			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
Company					
2018					
Secured:					
Borrowings	113,829	121,935	59,385	62,448	102
Unsecured:					
Other payables	1,800	1,800	1,800	-	-
Amount due to subsidiary companies	77,075	77,075	77,075	-	-
	78,875	78,875	78,875	-	-
Total	192,704	200,810	138,260	62,448	102
Financial guarantees	-	278,359	278,359	-	-
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	-	-

32. FINANCIAL INSTRUMENTS (Cont'd)

32.3 Reconciliation of liabilities arising from financing activities

	At 1.10.2017 RM	Acquisition* RM	Drawdown RM	Repayment RM	At 30.9.2018 RM
Group					
Finance lease liabilities	2,094	1,769	-	(1,129)	2,734
Bank borrowings (excluding bank overdrafts)	359,119	-	198,801	(158,354)	399,566
	361,213	1,769	198,801	(159,483)	402,300
Company					
Bank borrowings (excluding bank overdrafts)	101,008	-	18,500	(25,132)	94,376

* *Arising from acquisition of property, plant and equipment under finance lease arrangements.*

Pursuant to the provisions of the Amendments to MFRS 107 *Statement of Cash Flows*, the Group and the Company have not disclosed comparative information for the preceding periods.

33. 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 have 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 techniques to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. In any case, 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) in active 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).

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value hierarchy (Cont'd)

	Group and Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
AFS investments				
2018	7,990	-	-	7,990
2017	15,524	-	-	15,524

34. 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 its 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.

There were no changes in the Group's approach to capital management during the financial year. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings	446,392	388,671	113,829	119,994
Cash and bank balances	(10,884)	(38,038)	(51)	(14)
Investment in short term funds	(7,990)	(15,524)	(7,990)	(15,524)
Fixed deposits with licensed banks	(10,242)	(7,005)	(403)	-
	417,276	328,104	105,385	104,456
Total equity	536,154	447,421	309,798	253,171
Debt-to-equity ratio	0.78	0.73	0.34	0.41

NOTES TO THE FINANCIAL STATEMENTS

30 September 2018

35. 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 parks operator
Others	:	Investment holding and inactive companies

Transfer pricing between operating segments are on a negotiated basis and all other transactions with third parties are on an arm's length basis.

	Note	Property development RM'000	Leisure and hospitality RM'000	Others RM'000	Eliminations/ adjustments RM'000	Consolidated RM'000
2018						
Revenue						
External revenue		247,122	45,883	-	-	293,005
Inter-segment	A	71,663	1,442	3,000	(76,105)	-
		318,785	47,325	3,000	(76,105)	293,005
Results						
Segment profit/(loss)	B	32,529	603	968	(4,778)	29,322
Interest income		621	4	292	-	917
Finance costs		(1,922)	(2,625)	(281)	-	(4,828)
Depreciation		(2,422)	(9,388)	(47)	(225)	(12,082)
Tax (expense)/ income		(7,982)	10,946	(1)	(310)	2,653
Other non-cash income	C	-	9,941	-	-	9,941
Assets						
Segment assets	D	693,931	482,506	504,457	(498,628)	1,182,266
Additions to non-current assets	E	9,559	77,457	-	26,803	113,819
Liabilities						
Segment liabilities	F	238,379	71,579	78,875	(134,625)	254,208

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

35. 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	21,949	3,140	3,000	(28,089)	-
		259,296	46,208	3,000	(28,089)	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)
Tax expense		(12,860)	(177)	-	(296)	(13,333)
Other non-cash (expenses)/income	C	599	4,878	48	(599)	4,926
Assets						
Segment assets	D	598,414	370,579	408,284	(404,572)	972,705
Additions to non-current assets	E	25,092	51,010	-	(18,214)	57,888
Liabilities						
Segment liabilities	F	160,892	82,741	33,153	(97,842)	178,944

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:

	2018 RM'000	2017 RM'000
Segment profit	29,322	54,267
Interest income	917	572
Finance costs	(4,828)	(3,474)
	25,411	51,365

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

35. OPERATING SEGMENTS (Cont'd)

Business segments (Cont'd)

C Other non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:

	2018 RM'000	2017 RM'000
Bad debts written off	(151)	-
Biological assets written off	(102)	(549)
Fair value gain on revaluation of investment properties	10,194	5,475
	9,941	4,926

D The following items were added to segments assets to arrive at total assets reported in the consolidated SOFP:

	2018 RM'000	2017 RM'000
Segment assets	1,182,266	972,705
Deferred tax assets	60,667	50,361
Tax recoverable	1,014	4
Total assets	1,243,947	1,023,070

E Additions to non-current assets other than financial instruments and deferred tax assets consist of:

	2018 RM'000	2017 RM'000
Property, plant and equipment	96,524	55,674
Biological assets	822	535
Investment properties	16,473	1,679
	113,819	57,888

NOTES TO THE FINANCIAL STATEMENTS
30 September 2018

35. OPERATING SEGMENTS (Cont'd)

Business segments (Cont'd)

F The following items were added to segments liabilities to arrive at total liabilities reported in the consolidated SOFP:

	2018 RM'000	2017 RM'000
Segment liabilities	254,208	178,944
Borrowings	446,392	388,671
Tax payable	2,478	3,927
Deferred tax liabilities	4,715	4,107
Total liabilities	707,793	575,649

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

Revenue of RM94,482,000 from a major customer during the financial year contributed more than 10% of the Group's total revenue. There was no major customer which contributed more than 10% of the Group's total revenue 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 2018 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 15 January 2019.

LIST OF MATERIAL PROPERTIES
Held by the Group

Location	Description/Existing use	Date of acquisition/ Date of Valuation	Land area (sq. metres)	Tenure	NBV 2018
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	108,531,551
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 / 18/8/2014	33,661	Leasehold/ 99 years	49,971,333
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	44,538,814
Lot 67085, Lot 67088 and Lot 67099, Mukim Sungai Petani, Kedah	3 freehold land	30/09/2015	747,070	Freehold	42,323,427
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	60,644,151
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 Borneo Samariang Resort City	30/09/2014	1,901,134	Leasehold/ 99 years	105,644,628
Part of Lot 8578, Blok 9 Salak Land District, Kuching, Sarawak	Water theme park known as Borneo Samariang Water Park	23/03/2018	115,295	Leasehold/ 99 years	74,645,159
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	16,692,889
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
Compartment 8 & 9, Hutan Simpan Kekal Kisap, Mukim of Kuah, District of Langkawi, Kedah	Nature Park	17/11/2017	202,343	15 years	21,048,970

ANALYSIS OF SHAREHOLDINGS
As at 31 December 2018

Total Number of Issued Shares	:	567,265,891 Ordinary Shares (including 9,596,900 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	64	6.243	2,404	0.000
100 - 1,000	208	20.292	73,913	0.013
1,001 - 10,000	341	33.268	1,428,126	0.256
10,001 - 100,000	314	30.634	8,311,835	1.490
100,001 - 27,883,448*	94	9.170	179,652,191	32.214
27,883,449 and above**	4	0.390	368,200,522	66.024
Total	**1,025**	**100.000**	**557,668,991^**	**100.000**

Notes:-

**	less than 5% of issued shares*
***	5% and above of issued shares*
*^	excluding treasury shares of 9,596,900*

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name	**No. of Shares**	**%#**	**No. of Shares**	**%#**
Sentoria Capital Sdn Bhd	327,953,528	58.808	-	-
Dato' Chan Kong San	-	-	327,953,528^	58.808
Dato' Gan Kim Leong	-	-	327,953,528^	58.808
State Secretary, Pahang	87,666,024	15.720	-	-

Notes:-

Calculated based on 557,668,991 shares, which do not include 9,596,900 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 31 December 2018

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name	No. of Shares	%#	No. of Shares	%#
Datuk Aznam Bin Mansor	-	-	-	-
Dato' Chan Kong San	-	-	327,953,528^	58.808
Dato' Gan Kim Leong	-	-	327,953,528^	58.808
Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad	-	-	-	-
Mr Wong Yoke Nyen	-	-	-	-
Mr Lee Chaing Huat	-	-	-	-

Notes:-

\# *Calculated based on 557,668,991 shares, which do not include 9,596,900 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 31 December 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*	152,955,574	27.427
2	State Secretary, Pahang	87,666,024	15.720
3	Sentoria Capital Sdn Bhd	87,508,475	15.691
4	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sentoria Capital Sdn Bhd (021)*	40,070,449	7.185
5	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Seriemas Development Sdn Bhd for Sentoria Capital Sdn Bhd*	27,500,000	4.931
6	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt an for AIA Bhd*	23,227,030	4.165
7	Sentoria Capital Sdn Bhd	19,919,030	3.571
8	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Commerce Trustee Berhad - Kenanga Growth Fund*	13,003,520	2.331
9	Perbadanan Kemajuan Pertanian Negeri Pahang	12,100,000	2.169
10	LKPP Corporation Sendirian Berhad	12,045,000	2.159
11	Grinterra Sdn Bhd	6,919,960	1.240
12	Maybank Nominees (Tempatan) Sdn Bhd *National Trust Fund (IFM Kenanga)*	6,829,020	1.224
13	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (PHEIM)*	4,450,380	0.798
14	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)*	4,371,730	0.783

ANALYSIS OF SHAREHOLDINGS

As at 31 December 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	%#
15	Tan Siew Bee	4,345,000	0.779
16	Base Rock Sdn Bhd	3,137,440	0.562
17	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (ESPRING ABSR EQ)*	2,751,540	0.493
18	Citigroup Nominees (Asing) Sdn Bhd *CEP for PHEIM SICAV-SIF*	2,722,900	0.488
19	Anastasia Amanda Beh Gaik Sim	2,591,600	0.464
20	CIMB Islamic Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund*	2,349,930	0.421
21	Citigroup Nominees (Tempatan) Sdn Bhd *Kenanga Islamic Investors Bhd for Lembaga Tabung Haji*	2,136,750	0.383
22	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for PHEIM Asean Equity Fund (TCSB)*	1,556,600	0.279
23	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chow Ying Choon*	1,501,000	0.269
24	H.A. Properties Sdn Bhd	1,400,060	0.251
25	Ho Swee Hua	1,296,500	0.232
26	Amanahraya Trustees Berhad *Amanah Saham Sarawak*	1,294,900	0.232
27	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad for Anthony Wong Ai Sun (JAKS)*	1,273,300	0.228
28	Maybank Nominees (Tempatan) Sdn Bhd *Mtrustee Berhad for Pacific Pearl Sdn Bhd (UT-PM-PPF) (419471)*	1,113,550	0.199
29	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (Affin AM B EQ)*	1,012,270	0.181
30	CIMB Group Nominees (Tempatan) Sdn Bhd *Pheim Asset Management Sdn Bhd for Progressive Insurance Berhad (A/C231)*	715,000	0.128
	TOTAL	**529,764,532**	**94.996**

Notes:-

\# *Calculated based on 557,668,991 shares, which do not include 9,596,900 treasury shares.*

ANALYSIS OF WARRANT A HOLDINGS

As at 31 December 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	241	32.305	13,513	0.100
100 - 1,000	179	23.994	73,178	0.545
1,001 - 10,000	185	24.798	619,336	4.614
10,001 - 100,000	114	15.281	3,139,790	23.394
100,001 - 671,042*	24	3.217	5,065,875	37.746
671,043 and above**	3	0.402	4,509,175	33.598
Total	**746**	**100.000**	**13,420,867**	**100.000**

Notes:-
* *less than 5% of issued warrants*
** *5% and above of issued warrants*

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
Name	**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	-	-	-	-

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

ANALYSIS OF WARRANT A HOLDINGS

As at 31 December 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	%
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*	395,300	2.945
6	Seah Sook Sun	368,830	2.748
7	Chong Chin Loong	338,250	2.520
8	Lee Yen Lang	313,400	2.335
9	Khor Poh Sheng	273,000	2.034
10	Gan Songzhuo	243,000	1.810
11	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Su Lian @ Tiew Su Lian (TEO0865C)*	213,400	1.590
12	Er Di Yan @ Er Li Lan	206,800	1.540
13	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Yong Sang*	187,220	1.394
14	Maybank Nominees (Tempatan) Sdn Bhd *Yong Sin Yian*	178,750	1.331
15	Mercsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ho Lih Meng*	165,000	1.229
16	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Tian Fatt (REM 878-Margin)*	163,900	1.221
17	K Malathi A/P G Kesavan Nair	153,890	1.146
18	Leong San Voon	151,800	1.131
19	Soon Kwee Lan	150,810	1.123
20	Ong Khoon Liang	145,920	1.087
21	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loh Yong Huat*	144,100	1.073
22	Ong Keat Peng	140,000	1.043
23	Lee Chee Siong	138,130	1.029
24	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad for Anthony Wong Ai Sun (JAKS)*	128,667	0.958
25	Tan Siew Bee	116,930	0.871
26	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Lian Hock (E-SPI)*	109,150	0.813
27	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Goh Chun Chong (MY1416)*	108,438	0.807
28	Goh Chun Seng	96,848	0.721
29	Ho Swee Hua	96,800	0.721
30	Soo Hoo Mei Fuan	83,710	0.623
	TOTAL	**9,852,408**	**73.411**

ANALYSIS OF WARRANT B HOLDINGS

As at 31 December 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	14.285	11,500	0.005
1,001 - 10,000	51	38.345	241,520	0.117
10,001 - 100,000	41	30.827	1,612,640	0.783
100,001 - 10,293,360*	18	13.533	19,781,108	9.608
10,293,361 and above**	4	3.007	184,220,468	89.485
Total	**133**	**100.000**	**205,867,236**	**100.000**

Notes:-

* *less than 5% of issued warrants*

** *5% and above of issued warrants*

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
Name	**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.*

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

ANALYSIS OF WARRANT B HOLDINGS

AS AT 31 DECEMBER 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	%
4	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sentoria Capital Sdn Bhd (021)*	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	HSBC Nominees (Asing) Sdn Bhd *Morgan Stanley & Co. International PLC (Firm A/C)*	246,000	0.119
14	Lee Hong Sang	160,000	0.077
15	Lim Thiam Sang	152,800	0.074
16	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Siew Kim Lim (MY2848)*	128,000	0.062
17	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Tan Tian Meng (PB)*	120,000	0.058
18	Neo Say Yeow	116,900	0.056
19	Yap Poh Lay	110,400	0.053
20	Lee Guan Hock	108,160	0.052
21	Seah Sook Sun	106,088	0.051
22	Lim Moi Seng	105,000	0.051
23	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Seng Chuan (NGS0110C)*	100,000	0.048
24	Yap Siean Leong	100,000	0.048
25	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Siew Kim Lim*	98,800	0.047
26	Tan Tian Meng	88,000	0.042
27	HLIB Nominees (Tempatan) Sdn Bhd *Hong Leong Bank Bhd for Ewe Hong Khoon*	85,300	0.041
28	Lee Eng Min	69,500	0.033
29	Chang Yu Sang	66,500	0.032
30	Keng Chew Har	65,000	0.031
	TOTAL	**204,674,676**	**99.420**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth 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, 7 March 2019 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 2018 together with the Directors’ and Auditors’ Reports thereon. *(Explanatory Note 1)*

2. To approve the payment of Directors’ Fees of RM8,000 per month to each of the Non-Executive Directors from the conclusion of the 20th Annual General Meeting until the conclusion of the 21st Annual General Meeting. **Ordinary Resolution 1** *(Explanatory Note 2)*

3. To approve the payment of the following attendance allowances to the Non-Executive Directors from the conclusion of the 20th Annual General Meeting until the conclusion of the 21st Annual General Meeting: **Ordinary Resolution 2** *(Explanatory Note 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 who retire pursuant to Article 86 of the Company’s Constitution and who have offered themselves for re-election:

   (i) Dato’ Gan Kim Leong **Ordinary Resolution 3**

   (ii) Dato’ Hj. Abdul Rahman bin Hj. Imam Arshad **Ordinary Resolution 4** *(Explanatory Note 4)*

5. To appoint Grant Thornton Malaysia as Auditors of the Company for the financial year ending 30 September 2019 at such remuneration to be determined by the Directors. **Ordinary Resolution 5** *(Explanatory Note 5)*

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications:

6. **Authority to Directors pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 6** *(Explanatory Note 6)*

"**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 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 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 21st Annual General Meeting or when it is required by law to be held, whichever is earlier, and that the Directors 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** **Ordinary Resolution 7** *(Explanatory Note 7)*

"**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) from Bursa Securities upon such terms and conditions as the Directors 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 ("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, 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.

(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.

(d) approval and authority be and are given to the Directors 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** **Ordinary Resolution 8** *(Explanatory Note 8)*

   "**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 2019, 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 ("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 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. **Proposed amendments to the Constitution of the Company** **Special Resolution 1** *(Explanatory Note 9)*

   "**THAT** approval be and is hereby given to amend the existing Constitution of the Company in its entirety by the replacement thereof with a new Constitution of the Company as set out in Appendix A with immediate effect **AND THAT** the Board of Directors be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. 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
LIM CHIEN JOO (MS)
CHIN LEE CHYEN (MS)
Company Secretaries

Seri Kembangan, Selangor Darul Ehsan
30 January 2019

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 1 March 2019 (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

1. ***Audited Financial Statements for the financial year ended 30 September 2018***

   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. ***Ordinary Resolution 1 – Payment of Directors' Fees from the conclusion of the 20th Annual General Meeting until the conclusion of the 21st Annual General Meeting***

   Article 96 of the Company's Constitution ("Constitution") provides that Directors' Fees shall be determined by the Company in a general meeting.

   The payment of monthly fixed fees to 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.

   The full details of Directors' Fees paid during the financial year ended 30 September 2018 are further disclosed in Note 26 to the Financial Statements on pages 106 to 108 respectively of this Annual Report.

3. ***Ordinary Resolution 2 – Payment of attendance allowances to the Non-Executive Directors from the conclusion of the 20th Annual General Meeting until the conclusion of the 21st 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.

   The full details of attendance allowances paid to Non-Executive Directors during the financial year ended 30 September 2018 are further disclosed in Note 26 to the Financial Statements on pages 106 to 108 respectively of this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

4. ***Ordinary Resolutions 3 and 4 – 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' Gan Kim Leong and Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad being eligible, have offered themselves for re-election at this AGM pursuant to the above article.

Both Dato' Gan and Dato' Abdul Rahman have undergone an annual assessment on their performance and contribution for the financial year ended 30 September 2018 by the Company's Nomination Committee ("NC") and based on this assessment, the Board recommends the re-election of Dato' Gan and Dato' Abdul Rahman. Both Dato' Gan and Dato' Abdul Rahman 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.

5. ***Ordinary Resolution 5 – Appointment of Auditors***

Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Grant Thornton Malaysia, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office. Grant Thornton Malaysia, have indicated their willingness to be appointed as Auditors for the financial year ending 30 September 2019. The appointment of Grant Thornton Malaysia as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

This proposed Ordinary Resolution 5, if passed, will also give the Directors, the authority to determine the remuneration of the Auditors.

6. ***Ordinary Resolution 6 – 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 19th AGM held on 8 March 2018 and which will lapse at the conclusion of this AGM. A renewal of this mandate is sought at this AGM as Ordinary Resolution 6.

This proposed Ordinary Resolution 6, if passed, will give the Directors, 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 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 21st AGM.

This general mandate, if passed, will provide flexibility to the Directors 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 deem fit.

7. ***Ordinary Resolution 7 – Proposed Renewal of Share Buy-Back Authority***

The proposed Ordinary Resolution 7, 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 2019, which is dispatched together with this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

8. ***Ordinary Resolution 8 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature***

   The proposed Ordinary Resolution 8, 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 2019, which is dispatched together with this Annual Report.

9. ***Special Resolution 1 – Proposed amendments to the Constitution of the Company***

   The proposed amendments to the existing Constitution ("Proposed Amendments") are made mainly:

   (a) to ensure compliance with the amended MMLR which was issued on 29 November 2017; and

   (b) to provide clarity and consistency with the amendments that arose with the coming into effect of the Act on 31 January 2017.

   *Pursuant to Section 36(1) of the Act, amendments to the existing Constitution can only be made if duly passed by a Special Resolution. In view of the substantial amount of Proposed Amendments, the Directors proposed that the existing Constitution be amended in its entirety by the replacement thereof with a new Constitution which incorporated all the Proposed Amendments ("**New Constitution**") as set out in **Appendix A**.*

   *In view of the above, shareholders' approval is sought for the Company to amend the whole of the existing Constitution by the replacement thereof with the New Constitution as per **Appendix A** in accordance with Section 36(1) of the Act. The New Constitution which is circulated together with the Notice of 20th AGM dated 30 January 2019, shall take effect once the proposed Special Resolution 1 has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 20th AGM.*

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 20th 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 6 of the Notice of AGM.

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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 Twentieth 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, 7 March 2019 at 10:30 a.m. and at any adjournment thereof. My/Our proxy is to vote as indicated below:

My/Our proxy is to vote as indicated below:

Ordinary Business		**Resolution**	**For**	**Against**
1.	To approve the payment of Directors' Fees of RM8,000 per month to each of the Non-Executive Directors from the conclusion of the 20th Annual General Meeting until the conclusion of the 21st Annual General Meeting.	Ordinary Resolution 1		
2.	To approve the payment of attendance allowances to the Non-Executive Directors from the conclusion of the 20th Annual General Meeting until the conclusion of the 21st Annual General Meeting on the basis as set out in the Notice of this Annual General Meeting.	Ordinary Resolution 2		
3.	To re-elect Dato' Gan Kim Leong as Director.	Ordinary Resolution 3		
4.	To re-elect Dato' Hj. Abdul Rahman bin Hj. Imam Arshad as Director.	Ordinary Resolution 4		
5.	To appoint Messrs. Grant Thornton Malaysia as Auditors of the Company for the financial year ending 30 September 2019.	Ordinary Resolution 5		
Special Business				
6.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 6		
7.	To approve the proposed renewal of authority for the Company to purchase its own shares.	Ordinary Resolution 7		
8.	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	Ordinary Resolution 8		
9.	To approve the proposed amendments to the Constitution of the Company.	Special Resolution 1		

(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 ________________, 2019

____

Signature

(If shareholder is a corporation, this part should be executed under seal)

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

SENTORIA
Live Rewarded

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 1 March 2019 (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
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