Annual Report
2018

Scaling to Greater Heights

TITIJAYA LAND BERHAD
BUILT TO INSPIRE

OUR VISION

ASPIRE TO BE THE BEST, GROW RAPIDLY, MOULD AN EXCELLENT TEAM AND WINNING CULTURE.

OUR MISSION

TO BUILD PROPERTIES THAT PEOPLE WILL BUY, APPRECIATE AND WANT TO BUY AGAIN.

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CORPORATE PROFILE

TITIJAYA LAND BERHAD, LISTED ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD, IS A RENOWNED PROPERTY DEVELOPER IN ITS OWN RIGHT AND HAS BEEN DEVELOPING PROPERTIES AND BUILDING HOMES IN MALAYSIA FOR OVER TWENTY YEARS.

Driven by its stimulus BUILT TO INSPIRE, Titijaya Land Berhad is recognised for the versatile and innovative architecture and design it presents throughout its multi-million Ringgit portfolio of development projects.

Titijaya Land Berhad, led by its founder Tan Sri Dato' Lim Soon Peng, has proven to be a notable developer within the industry with its successful developments in the Klang Valley.

Under Tan Sri Dato' Lim's leadership and guided by stringent principles, Titijaya Land Berhad is adequately positioned for sustainable and long-term growth with its invaluable and strategic land bank that it has accumulated. Together with and supported by its team of industry expertise, Titijaya Land Berhad has well-structured formula to maximise the value and quality of the Group's property developments.

Aspired and steered by the Group's Vision and Mission, Titijaya Land Berhad will continue to mould its winning culture and build to meet buyers' needs and demands, with designs and developments that will continue to earn recognition.

PERFORMANCE AT A GLANCE 2018

RM381 MILLION
Revenue

RM1.2 BILLION
Shareholders' Fund

Gross Development Value
RM2.8 BILLION
Properties have been Delivered

Net Profit
RM71 MILLION
for FYE 2018

208 ACRES
Strong Land Bank

Share Price as at 30 June 2018
RM0.385

RM321 MILLION
Unbilled Sales

CIDB MALAYSIA

QLASSIC

Quality Achievement
QLASSIC AWARD
H2O @ Ara Damansara

THE EDGE MALAYSIA
Property Excellence Awards 2017
Qualitative Overall Top 30

OUR PRESENCE

UPCOMING PROJECT

AREСA

ARECA
Penang

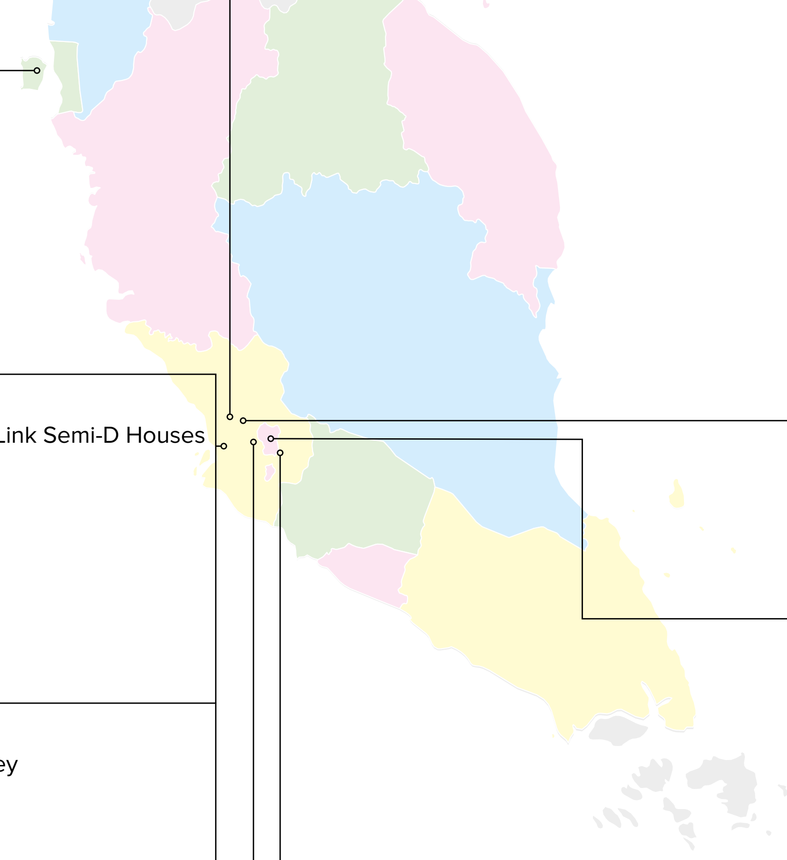
Mix Development
GDV : RM2.5 bil

UPCOMING PROJECT

DAMAISURIA @ SUBANG

DAMAISURIA
Subang

Residential, Commercial & Retails
GDV : RM796 mil



ONGOING PROJECT

TAMAN Seri RESIDENSI

TAMAN SERI RESIDENSI
North Klang

Phase 2B – Single-Storey Link Semi-D Houses
GDV : RM37.2 mil

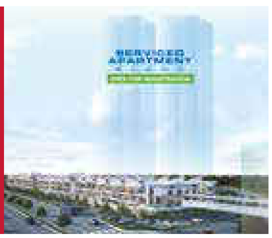
UPCOMING PROJECT

TAMAN Seri RESIDENSI

TAMAN SERI RESIDENSI
North Klang

Phase 3A, 3B & 4 – 2-Storey Semi-D Houses
GDV : RM137.6 mil

UPCOMING PROJECT



KLANG SENTRAL SERVICED APARTMENT

KLANG SENTRAL
North Klang

Serviced Apartment
GDV : RM700 mil

UPCOMING PROJECT

EMPORIA

EMPORIA
Glenmarie, Shah Alam

Mix Development
GDV : RM1.5 bil

OUR PRESENCE
(continued)

ONGOING PROJECT

THE SHORE
CBD Kota Kinabalu
Residential & Retails
GDV : RM481.1 mil

ONGOING PROJECT

FIRST PALM CITY CENTRE
Lahad Datu
3-Storey Shop
GDV : RM707.3 mil

ONGOING PROJECT

H2O RESIDENCES
Ara Damansara
Serviced Apartment & SOHO
GDV : RM591.3 mil

ONGOING PROJECT

MIZU
Ara Damansara
Serviced Apartment
GDV : RM210.9 mil

ONGOING PROJECT

PARK RESIDENCY
Alam Damai, Cheras
3-Storey Strata Villas
GDV : RM74.8 mil

ONGOING PROJECT

NEU SUITES @ 3RDNVENUE
Embassy Row, Kuala Lumpur
SOFO
GDV : RM436.6 mil

UPCOMING PROJECT

NEWTON @ 3RDNVENUE
Embassy Row, Kuala Lumpur
Serviced Apartment
GDV : RM1.2 bil

ONGOING PROJECT

RIVERIA CITY
KL Sentral, Kuala Lumpur
Office Suites, Serviced Apartment & Retails
GDV : RM1.5 bil

UPCOMING PROJECT

ODEON
Jalan Tunku Abdul Rahman, Kuala Lumpur
Serviced Apartment & Retail Mall
GDV : RM1.6 bil

Ongoing Project **Upcoming Project**

COMPANY EVENTS AND ACTIVITIES

1 July 2017 – 30 June 2018

COMPANY EVENTS AND ACTIVITIES
(continued)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*
Chairman
Independent
Non-Executive Director

Tan Sri Dato' Lim Soon Peng
Group Managing Director

Lim Poh Yit
Deputy Group Managing Director

Lim Puay Fung
Executive Director

Chin Kim Chung
Non-Independent Non-Executive Director

Datuk Seri Ch'ng Toh Eng
Independent Non-Executive Director

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
Non-Independent
Non-Executive Director

Adrian Cheok Eu Gene
(Alternate Director to Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir)

Datuk Nozirah Binti Bahari
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Nozirah Binti Bahari
Chairman

Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor
(Retired)

Datuk Seri Ch'ng Toh Eng

Chin Kim Chung

NOMINATION COMMITTEE

Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*
Chairman

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir

Datuk Seri Ch'ng Toh Eng

REMUNERATION COMMITTEE

Datuk Seri Ch'ng Toh Eng
Chairman

Tan Sri Dato' Lim Soon Peng

Chin Kim Chung

BOARD RISK MANAGEMENT COMMITTEE

Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor
(Retired)
Chairman

Datuk Nozirah Binti Bahari

Datuk Seri Ch'ng Toh Eng

Chin Kim Chung

Lim Poh Yit

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)

Tan Ley Theng
(MAICSA 7030358)

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : (603) 2084 9000
Fax : (603) 2094 9940

PRINCIPAL PLACE OF BUSINESS

N-16-01, Penthouse, Level 16
First Subang, Jalan SS 15/4G
47500 Subang Jaya
Selangor Darul Ehsan
Tel : (603) 8022 9999
Fax : (603) 8022 9888
Email : ir@titijaya.com.my
www.titijaya.com.my

H2O Sales Gallery
Tel : (603) 7734 5022
HP : 6019 587 6888
6017 382 1117
6012 293 1033

3rdNvenue Sales Gallery
Tel : (603) 4266 2299
1 300 22 9898

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
(Company No. 378993-D)

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7849 0777
Fax : (603) 7841 8151

AUDITORS

Baker Tilly Monteiro Heng (AF0117)

Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : (603) 2297 1000
Fax : (603) 2282 9980

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

OCBC Bank Malaysia Berhad

United Overseas Bank (Malaysia) Berhad

Bank Islam Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Property
Sub Sector : Property
Stock Code : 5239
5239PA
Stock Name : Titijya
Titijya-PA

CORPORATE STRUCTURE

AS AT 31 OCTOBER 2018

TITIJAYA LAND BERHAD
BUILT TO INSPIRE
(1009114-M)

- 100% **AMAN KEMENSAH SDN. BHD.** (429811-K)
- 100% **CITY MERIDIAN DEVELOPMENT SDN. BHD.** (934265-V)
- 100% **EPOCH PROPERTY SDN. BHD.** (955473-D)
- 100% **HIGH SPLENDOUR SDN. BHD.** (1155662-T)
- 100% **NPO BUILDERS SDN. BHD.** (284572-T)
- 100% **NPO DEVELOPMENT SDN. BHD.** (434271-A)
  - 100% **NEU ESTATES SDN. BHD.** (348591-M) *(formerly known as NPO Land Sdn. Bhd.)*
  - 100% **ZEN ESTATES SDN. BHD.** (650372-W) *(formerly known as Sendi Bangga Development Sdn. Bhd.)*
- 100% **PIN HWA PROPERTIES SDN. BHD.** (568176-V)
- 100% **PREMSDALE DEVELOPMENT SDN. BHD.** (1121985-U)
- 70% **RIVERIA CITY SDN. BHD.** (645395-X) *(formerly known as Bina Puri Development Sdn. Bhd.)*
- 100% **SAFETAGS SOLUTION SDN. BHD.** (755016-A)
- 100% **SHAH ALAM CITY CENTRE SDN. BHD.** (221568-X)
- 100% **SRI KOMAKMUR DEVELOPMENT SDN. BHD.** (90489-M)
  - 100% **BLU WATERFRONT DEVELOPMENT SDN. BHD.** (820786-P)
    - 100% **LAKSANA WAWASAN SDN. BHD.** (1185173-A)
  - 100% **RENOFAJAR SDN. BHD.** (650349-H)
- 100% **TAMARIND HEIGHTS SDN. BHD.** (1173659-X)
- 100% **TERBIT KELANA DEVELOPMENT SDN. BHD.** (594783-M)
- 100% **TITIJAYA CAPITAL SDN. BHD.** (934400-D)
- 100% **TITIJAYA DEVELOPMENT (PULAU PINANG) SDN. BHD.** (1165342-V)
- 100% **TITIJAYA PMC SDN. BHD.** (1047442-P)
- 100% **TITIJAYA RESOURCES SDN. BHD.** (1078020-X)
  - 100% **AMAN DUTA SDN. BHD.** (1239174-X)
    - 40% **USIMA PROPERTY SDN. BHD.** (1238931-T)
  - 70% **TENANG SEMPURNA SDN. BHD.** (956004-W)
  - 70% **AMPANG AVENUE DEVELOPMENT SDN. BHD.** (826917-X)
    - 70% **NIPAH VALLEY SDN. BHD.** (901712-H)
  - 40% **AMONA TITIJAYA SDN. BHD.** (1150341-V)
  - 40% **ASAS DINASTI SDN. BHD.** (1203746-K)
- 100% **TULUS LAGENDA SDN. BHD.** (1040584-D)
  - 49% **BJ PROPERTIES SDN. BHD.** (910256-V)
- 100% **PROSPEROUS HECTARES SDN. BHD.** (1034984-H)

CHAIRMAN'S STATEMENT

Laksamana Tan Sri Dato' Setia Mohd Anwar bin Hj Mohd Nor *(Retired)*
Independent Non-Executive Director

INTRODUCTION

On behalf of the Board of Directors, it is my pleasure to present to you the Titijaya Land Berhad's Annual Report for the financial year ended 30 June 2018 ("FYE 2018").

The year 2018 was a challenging year for the Group on the back of uncertainties over the Malaysian economy. Despite the encountered uncertainties, the Group strove to live its mission of building innovative and quality properties at the best locations, delivering projects on time and providing excellent customer service to all our customers. With this opportunity, I wish to commend the Management team and the staff for their dedication and focus in executing the strategies to achieve all of our objectives.

For the financial year ended 30 June 2018, I am pleased to announce that Titijaya has posted RM381 million in revenue, and a profit after tax of RM75 million. A slight decrease in net profit of RM686,440 compared to last year mainly resulted from marketing and promotional expenses incurred during the year for new launches.

ISSUES AND CHALLENGES

The property market has gone through many challenges for the past few years. The rigid lending environment from financial institutions with low loan-to-value ratio offered and stringent requirement for loan approvals have inevitably affected sales. In 2017 itself, the property market outlook was rather bleak with concerns on oversupply of properties, a rise in interest rates, increased cost of living and weaker buying sentiment. These market and economic conditions had led to purchasers employing the wait-and-see stance as opposed to a proactive stance.

From the supply chain perspective, the increase in cost of construction resulting from the increases in cost of production and compliance cost has impacted our business. Although we have locked in our construction costs for existing projects, our future launches will still be subject to prevailing prices and will be determined by the margins.

Despite these challenging market conditions, we are taking precautionary steps in strategizing our launches and products to suit market demand while continuing to deliver on our promise of quality, innovation, reliable products and services. Furthermore, focus on product design, competitive pricing and product differentiation have always been our priority. With this, we are optimistic that we will be able to overcome any challenging property market conditions.

DIVIDEND

I am pleased to announce that for FYE 2018, the Board has recommended a final single-tier dividend of 0.25 sen per ordinary share to be approved by shareholders' approval at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE

The Board maintains a strong leadership through sound governance and ethical business conduct. We believe in achieving responsible commercial success while balancing the interest of our stakeholders, as we fervently uphold sustainability practices in our business.

In conjunction with the latest release of Corporate Governance Guide (3rd edition) by Bursa Malaysia Securities, the Board recognised the importance of practising high standards of corporate governance throughout the Group in order to protect shareholders value as well as financial performance. During the financial year, the Board has established a Board Risk Management Committee to enhance the existing risk framework.

For a more in-depth narrative, kindly refer to the Corporate Governance Statement included on page 50 to 62 of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Board acknowledges the importance of Corporate Social Responsibility ("CSR") and is committed to integrate CSR practices into our day-to-day business operations such as supporting and improving the society at large in which we are present. With this in mind, we have rolled out CSR initiatives in the areas of community, environment and the workplace, with the sole objective of creating sustainable value for all our stakeholders.

It is our belief that goodwill begins at home as a happy workplace produces more productive personnel. That is why the Group does not only provide on-the-job trainings such as Sales & Service Tax ("SST") training, safety & health training, sustainability reporting training and social media training to ensure our personnel are equipped with the necessary knowledge and skill sets to be able to perform their jobs more efficiently and effectively. Aside from this, we had also hosted company dinners and other recreational activities such as bowling tournaments to encourage bonding of personnel across-the-board.

Our CSR initiatives also align with United Nation's 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). SDG 6, Clean Water and Sanitation, SDG 2 Zero Hunger are part of our key SDGs that reflects in our CSR initiatives. The company regularly undertakes projects in schools that need assistance, because we believe that proper infrastructure is a necessity for the younger generation to receive quality education. One example of our efforts was in Sekolah Taman Bukit Maluri, where Titijaya constructed 1 block of hygiene facilities for students. Clogged sewer lines and septic tanks were also cleared, while floor tiles that have been damaged were replaced with new ones. Besides that, Titijaya also regularly organizes meal programmes such as the one for Sekolah Jenis Kebangsaan (C) Pandamaran 'B'. The programme supplies well-balanced daily meals, nourishing students with better nutrition and health which in turn helps them perform better in their studies.

At the work place, we have also adopted several practices to conserve the environment. Our employees are encouraged to practice reducing energy consumption by switching off the lights when leaving the room or premises, minimising waste by going paperless when possible, and using more environmentally-friendly batteries and cleaning detergents.

We will continue to constantly challenge ourselves to improve the efficiency and effectiveness of our resource utilisation.

OUTLOOK AND FUTURE PROSPECTS

The Malaysian economy is expected to grow at a moderate pace this year as well as the next year after recording a strong rebound last year. According to the World Bank in its Global Economic Prospects 2018 report, it had projected Malaysia's economic growth to grow to 5.4% in 2018 and slow down to 5.1% and 4.8% in 2019 and 2020 respectively.

Despite the favourable outlook, we anticipate that sentiment in the property market to remain lacklustre this year due to more transparent credit scoring by banks, lower financing margins as well as overhang in property supply.

Nevertheless, we are optimistic that the combination of important factors such as the high quality of our products and launches, the competitive pricing, product differentiation, and strategic locations of our properties will help us to remain resilient in this tough and arduous operating environment.

Moving forward, we are confident of our future financial performance given that most of our land banks are located in prime growth areas. Not only that, we are looking into strategic partnership with potential industry key players for market expansion and knowledge transfer.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to extend our gratitude to the Management and employees for dedicating their passion, professionalism and hard work towards another substantial year of progress for Titijaya Land Berhad. To our esteemed stakeholders comprising our shareholders, valued customers, regulators and government authorities, business partners and bankers, we thank you for your continuous and unwavering support to Titijaya. I believe the Group is well positioned to continue growing the business for the long-term and achieve greater successes in the years ahead.

Yours Sincerely,

Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor
(Retired)

MANAGING DIRECTOR'S STATEMENT

Tan Sri Dato' Lim Soon Peng
Group Managing Director

In line with the improving market consensus for the 2nd half of the 2018 calendar year, we should see renewed interest in the property market for the next 12 months. Titijaya has in the pipeline three new projects to be launched by the end of the next financial year, namely Riveria City Phase 2, 3rdNvenue Phase 2, and Damaisuria. This is part of our strategy to achieve a higher total sales of RM500 million in FYE 2019 as compared to RM381 million registered in FYE 2018.

With respect to our achievements in the past financial year, I am pleased to share with our shareholders that Titijaya has shown itself to be a company that continues to excel in the belief of delivering quality. In FYE 2018, Titijaya had won the High Qlassic Achievement Awards 2017 at the Construction Industry Development's Quality Assessment System in Construction (QLASSIC) Day 2017 awards ceremony. QLASSIC is a system and method to evaluate quality of workmanship in building projects based on the Construction Industry Standard (CIS 7), thus winning it was a validation of our continuous efforts in staying on course to deliver high quality and affordable homes.

As for our financial performance in FYE 2018, the company's flat growth was impacted by higher operating and construction costs, as well as bigger spending required for marketing.

Despite these challenges, the company managed to launch five projects namely Taman Seri Residensi @ Klang, Phase 2B, The Shore @ Kota Kinabalu, Park Residency @ Cheras, 3rdNvenue @ Embassy Row, Phase 1 and Riveria City @ KL Sentral, Phase 1 – which received a commendable response from the market. These launches together with current projects progress helped the company record a revenue of RM381.36 million, and unbilled sales of RM320 million in FYE 2018.

STRATEGIC REVIEW

1) Strategic Landbanking

(i) *Strengthening our foothold in Klang Valley with the Affordable Housing Segment*

In line with the nature of the company business, Titijaya continues to identify suitable land banks for potential property development activities. Since we are now building affordable homes, the company strives to achieve a low land cost-to-GDV ratio for better contribution to revenue and earnings. By the fourth quarter of 2017 we had completed the acquisitions of NPO Builders Sdn. Bhd. (NPOB) and Sri Komakmur Development Sdn. Bhd. (SKDSB). Through the acquisition of NPOB, we gained access to 49.79 acres of land which shall be developed into commercial units, serviced apartments and affordable homes to be completed by year 2027. Now known as Damaisuria, it is one of our largest projects for the purpose of tapping into the affordable housing segment.

(ii) *Geographical Expansion to the Vibrant City of Kota Kinabalu, Sabah*

Meanwhile, the acquisition of SKDSB and subsidiaries of SKDSB provided Titijaya access to three parcels of land measuring a total of 75.44 acres. These prime lands are located within the high-growth and fast-maturing central development spine of Sabah, strategically located near to notable local landmarks and public transportation hubs. We are confident that property development activities done here will enhance future revenue after taking into consideration the surrounding development within vicinity of these lands.

2) Expanding Our Network of Partnership

Titijaya's commendable local knowledge and execution capabilties continued to receive recognition by reputable international peers in the industry.

2018 was a year that saw us furthering our efforts in establishing and utilizing strategic collaborations with property giants across the region. For instance, our successful partnership with CREC in FYE 2017 proved to be valuable to the company throughout this year as well. Titijaya had leveraged on CREC's strength in the construction sector to further enhance project quality and implementation. With these improvements, our projects attracted more buyers and investors locally as well as internationally.

After being recognised by CREC, a Fortune 500 company, we continued to receive endorsement by international peers, Titijaya through its wholly owned subsidiary Epoch Property Sdn. Bhd., entered into a conditional share subscription agreement with Tokyu Land Corporation ("Tokyu Land") which is a leading residential and commercial developer in Japan. This subsequently led to a Memorandum of Understanding signed between Titijaya and Tokyu Land in January 2018, to establish a provisional collaboration to share expertise and knowledge in the real estate industry.

Establishing working relationships with these big industry players have enabled us to further strengthen our capabilities with cross border experience, and subsequently benefit our customers with product offerings of a higher quality and better niche. Both parties are also keen to explore possibilities of further collaborations in the property development scene in Malaysia. This will surely enhance the earnings visibility of Titijaya and create higher value for its shareholders.

3) Access to Debt Capital Market

Titijaya had also established a RM 150 million Islamic Commercial Papers (ICP) programme which received a final rating of MARC-1IS, given for our established property development track record and relatively strong profitability. The Company made its first issuance under the programme in the year review. Funds raised will contribute to finance investment activities, working capital requirements and general corporate purposes.

Not long after, the following month saw the proposed share split be completed. This corporate exercise improved the trading liquidity of the Company's shares as a result of the increase in number of shares in issue, and allow a wider group of shareholders and investors to participate in the growth of the Company.

SUSTAINABLE GROWTH

Most of our developments tend to concentrate in the Klang Valley and Sabah. Moving forward, these two areas will remain in our focus for property development while we consider and plan for Penang to be the next destination for possible expansion. Although Titijaya currently possesses a land bank of 208 acres (inclusive of joint ventures) worth an estimated total GDV of RM12.4 billion to last until 2024, we plan to continue to be on the lookout for prime land because the company's strategy and competitive strength lies in having a low land cost against GDV ratio. Regarding recent developments, 64% of our projects have a remarkable below 12% land cost against GDV ratio, and those projects have contributed as much as 75% of our total GDV.

Land cost also is a significant factor in enabling our transition in recent years to offer more affordable homes in the market. As the cost of living increases for the general population in Malaysia, the higher is the demand for affordable housing. With Titijaya now actively involved in the affordable property segment, we are well-positioned to meet this demand and it is largely due to our land banking strategies over the years.

OUTLOOK FOR FYE 2019

The past financial year continued to be encouraging despite a still challenging market for most property developers. Factors such as sharp hikes in the cost of living and lower rates of loan approvals have resulted in a lower consumer sentiment for big ticket items and put the number of unsold residential properties in Malaysia at an all-time high. This has also caused most property developers to postpone their launches in the past year. However, despite such unfavourable market conditions, Titijaya managed to record a stable financial performance in regard to revenue and profit.

We expect the property market in Malaysia to show reasonable growth for the rest of 2018 as well as 2019, in lieu of the positive public consensus that has materialised after the general election. We are cautiously optimistic about the prospects of the property market.

However, as we understand that there are inherent risks in the industry that may disrupt economic activity. Similar to what has always been done, we will continue to monitor events and trends to ensure that the company is prepared to cover a wide range of unlikely but not impossible happenings.

As a company with the right product-to-market fit complemented with a land bank of well-developed and connected locations, the company is confident of stabilising the business and will continue investing in strategic activities to provide better quality and value to customers as well as shareholders going forward.

APPRECIATION

It is never a single person's effort that makes a company's success. At Titijaya, I value the contribution given by every member of the team. I take this opportunity to thank all my staff for their continuous support to the Group; it is their hard work, dedication and creativity that has put Titijaya to where it is today.

I would also like to express my sincere gratitude and appreciation to our Chairman, my fellow directors and management for their trust and loyalty in the past year. Without them, we would not have been able to execute our plans and complete what we set out to do.

To our esteemed shareholders, please accept our heartfelt gratitude for your continued support, confidence and trust in the Company. We will continue to work hard to provide better shareholder value to each and every one of you.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE REVIEW

Amidst challenging economic conditions on both external and domestic fronts, the management of Titijaya is pleased to report that the Group posted a respectable result for the Financial Year Ended 30 June 2018 ("FYE 2018").

For FYE 2018, the Group recorded a flat revenue of RM381.36 million, as compared to RM381.52 million in Financial Year Ended 30 June 2017 ("FYE 2017"). The Property Development segment remained as the major contributor to the Group with a total revenue of RM380 million posted. This largely resulted from the sales of project H20 residences and Primrose. Furthermore, the sales of the completed industrial properties in Zone Innovation and the proceeds received from partial land compulsory acquisition for the purpose of road widening work by the Ministry of Works have also contributed to the performance of this business segment.

The Group recorded a slightly lower profit after tax of RM71 million, which represents a RM4.59 million decrease as compared to FYE 2017. This was mainly due to the higher selling and promotional expenses incurred for new project launched and cost of construction for show units. Other factors that had an effect on the profit after tax was the higher administrative expenses in FYE 2018, such as one-off professional fees incurred for corporate exercises and finance costs incurred for working capital.

The Group was also awarded compensation totalling RM65.25 million in FYE 2018 over the temporary acquisition and usage of its land in Shah Alam for the upcoming third light rail transit (LRT3) project. The Group had received the Notice on 11 October 2017 which is pursuant to the Land Acquisition Act, allowing the government to acquire land from private owners for any public purpose beneficial to the economic development of the country.

At the end of FYE 2018, the Group recorded an increase of 52.1% or RM172 million in land held for property development as compared to FYE 2017. The increase in value resulted from the acquisition of Sri Komakmur Development Sdn. Bhd. and Renofajar Sdn. Bhd. in the current year, in line with the Group's aspirations to further enlarge its affordable housing segment, as well as strategic geographical expansion to property hotspots, such as Kota Kinabalu, Sabah.

The cash and cash equivalent of the Group for FYE 2018 which increased by 52% or RM58 million was contributed by the collections received from project progress. There was a rise of 48% in the Group's total assets amounting to RM715.7 million, primarily contributed by the increase of land bank for property development purposes. For FYE 2018, the net assets per share attributable to owners of the Group was recorded at RM0.92.

BUSINESS AND OPERATION OVERVIEW

The year of 2017 had seen the Malaysian economy gaining momentum throughout the year despite cautious sentiment at the beginning, on the back of strengthening domestic demand and a boom in exports. Regardless of this, the property market reached a new low as it recorded the lowest transaction volume in 2017, with annual property transactions dropping from 320,425 units in 2016 to 311,824 units in 2017, or 2.68% according to the National Property Information Centre. This was also compounded by other issues such as elevated home prices, low loan-to-value offered by banks and house buyers' inability to qualify for a home mortgage due to their already high debt service ratios.

Despite the slowdown and aforementioned challenges in the domestic front, the Group forged forward by notching a few milestones under its belt. It is important to note that Titijaya has continued to identify strategic partnerships with reputable property and construction companies in the region in FYE 2017, following the successful alliance with CREC Development (M) Sdn. Bhd..

In January 2018, the Group had entered into a Memorandum of Understanding ("MOU") with Tokyu Land Corporation ("TLC") regarding the development of the last block in H2O Residences, namely Mizu Residences. The serviced apartment features a 15-floor block of 300 units with a GDV of RM210.9 million.

Founded in 1953, TLC is a real estate company involved in urban development, wellness and overseas business. It is a core subsidiary of Tokyu Fudosan Holdings Group, a Japanese company listed in the First Section of the Tokyo Stock Exchange (Stock Code:3289). Tokyu Fudosan is also one of the companies in the Nikkei 225 Index, which refers to the price-weighted average of the 225 top–rated Japanese listed companies.

The signing of MOU was also to establish a provisional collaboration for both parties to share and exchange their respective knowledge and expertise in the real estate industry, with the intention of further revolutionising their real estate development and to explore potential collaborations for any property development projects that either of them may undertake.

This partnership also boded well for the Group as it is in line with its aim to revolutionise its real estate development through the incorporation of technology, expertise, creativity and innovative knowledge offered by TLC particularly in areas of transit-oriented development, senior housing and hospitality properties development.

BUSINESS REVIEW BY PROJECTS

Focusing on building affordable housing has been the growth strategy of Titijaya over the years. This is also in line with the government's aspirations in helping Malaysians to own properties. Although there were lesser launched in FYE 2018, Titijaya still managed to launch five projects in the reporting year, which is 3rdNvenue @ Embassy Row, Phase 1, Riveria City @ KL Sentral, Phase 1, Taman Seri Residensi @ Klang, Phase 2B, The Shore @ Kota Kinabalu and Park Residency @ Cheras.

The Group has also lined up a slew of new launches totalling RM1.57 billion in GDV, largely in the affordable segment in the form of high-rise residential units, which includes Damaisuria @ Subang, 3rdNvenue @ Embassy Row, Phase 2 and a serviced apartment in Riveria City @ KL Sentral. Units in these establishments are priced between RM300,000 and RM810,000 each to cater to the affordable housing market.

H20 RESIDENCES & MIZU

Spanning across 6.04 acres of prime freehold land in the heart of the affluent residential township Ara Damansara, H2O Residences is a signature residence in the Klang Valley. With a GDV of RM 934 million offering 1,370 units across 4 blocks, the development combines the design features of water, heavily landscaped with a waterscape environment that bodes well with modern living. H20 Residences offers its homeowners an aquatic-themed household fantasy, which is inspired by the simple beauty of water for those seeking a higher standard of living.

H2O RESIDENCES

MIZU RESIDENCES

To elevate the residential lifestyle of fast-growing townships, H2O Residences as a modern, flexible lifestyle home aims to create a new style of living, promoting aquatic element design to fulfill the demands of a higher standard of accommodation. Coupled with its strategic location, it neighbours many prominent and established townships such as Tropicana, Bandar Utama, Subang, and Kota Damansara, among others.

The price range for Mizu is between RM600,000 and RM1.1 million to cater to the demands of the mid to high-income group, a price that fits well to the mid to high-end range, given that the surrounding area is relatively matured with housing and commercial areas. Situated amongst many leasehold properties in this premium locality and high-end neighbourhood, a freehold project like H2O Residences is desirable and valuable. This comes as part of the Group's commitment to offer a greater value proposition.

At the moment, construction of 240 units for Block A, 337 units and 480 units in Block C and Block D respectively is 87% in progress. The project will be completed and officially handed over during the next financial quarter of 2019. During FYE 2018, Block B namely Mizu with a total of 300 units has been launched, and is expected to be completed in the next financial year.

3RDNVENUE

3RDNVENUE @ EMBASSY ROW

With a land size of 6.06 acres, 3rdNvenue is an integrated mixed development consisting of 4 blocks with a total of 2,676 units of lifestyle office suites, serviced apartments and retail lots, with modern industrial designs and vibrant colour schemes. It is the first mixed property development with a GDV of RM 1.65 billion, jointly developed by the Group and CREC Development (M) Sdn. Bhd..

CREC Development (M) Sdn. Bhd. is a wholly owned subsidiary of China Railway Engineering Corporation (M) Sdn. Bhd., which is in turn a wholly owned subsidiary of China Railway Group Limited (Sock Quote 390:HK). The latter is the world's second-largest construction company, with a history of more than 100 years and is ranked 57th among Fortune World Top 500 Enterprises and 7th among Top 500 Chinese Enterprises in 2016.

3rdNvenue is located at Jalan Ampang, Kuala Lumpur and provides good access for its residents, such as the 4-minute walking distance from Great Eastern Mall, 10-minute walk from LRT Jelatek and 8-minute drive from KLCC through AKLEH Highway.

The Group has identified the need to address the demands of Gen Y and affordable housing. Targeting young professionals, entrepreneurs, and social high-flyers, 3rdNvenue fits the needs of the new generation, with its modern lifestyle units at affordable pricing. With a project in downtown KL priced from RM 300,000 for a 430 sq. ft unit, especially with a distance of only 3km from KLCC, 3rdNvenue represents a unique benchmark of affordability.

3rdNvenue has launched its first phase of 1,110 units across 42 storeys of lifestyle office suites during the financial year. Phase 2 of 3rdNvenue which has 422 units with a GDV of RM288 million of serviced apartments will be launched in FYE 2019.

THE SHORE @ KOTA KINABALU

Touted as a waterfront premium commercial hub, The Shore is nestled in the city of Kota Kinabalu on a 1.82-acre land. It is strategically located near to notable local landmarks such as the

Bank Negara Building, Royal Malaysian Customs, Bukit Padang Hospital, Sabah Golf & Country Club, among other buildings of local major government bodies. The nearby public transportation hub, i.e. Jesselton Point, offers ferry and speed boat services for the public and tourists to offshore locations such as Tunku Abdul Rahman Marine Park and Labuan. With the recent increase in direct flights to Kota Kinabalu, it has created greater connectivity from various countries which promotes the tourism industry and ignites a vibrant business environment.

The Shore is an attractive tourist destination strategically located within Kota Kinabalu's central business district. The project will be 25 storeys tall and comprises 627 units in built-ups ranging from 409 sq.ft. to 541 sq.ft, with prices starting from RM476,000. It will be the first full-fledged serviced residence in Kota Kinabalu.

Titijaya also signed a Serviced Residence Management Agreement with The Ascott Ltd ("Ascott") in February 2017 for The Shore. Under the agreement, Ascott will manage the serviced residence component of The Shore, known as Citadines Waterfront, for a contract period of 15 years. Ascott is the world's largest international serviced residence owner-operator with over 26,000 units in key cities around the world.

TAMAN SERI RESIDENSI @ KLANG

Taman Seri Residensi homes are all distinctively designed with practical layouts. It offers flexible and comfortable living spaces to suit individual needs. Taman Seri Residensi sits on a 21.78-acre land with a GDV of RM174.8 million. Every Taman Seri Residensi home is prominently designed with a contemporary facade for a more authentically exclusive look. These light-filled homes offer comfort and ample space.

Taman Seri Residensi gives homeowners a choice of two-storey cluster villas in a gated and guarded compound, a two-storey link semi-D, or a single-story link semi-D in a landscaped community. Landscaped streets line the development, allowing residents to come home to a sanctuary each time they drive in through the guarded entrance. Luxuriously built, the architecture portrays minimalism at its best, achieved after precise planning, which is primed for families who need the space to grow and play.

This development comprises of 6 phases, where the first 3 phases are Fennel, Primrose, and Roseville. To date, Fennel

THE SHORE

TAMAN SERI RESIDENSI

and Primrose have been 100% and 80% completed and sold respectively. During the financial year under review, the Group has launched the project Roseville, and the remaining 3 phases will be launched in the near future.

PARK RESIDENCY @ CHERAS

Park Residency is another landed property located in Alam Damai, Cheras. The project sits on 5.25 acres of land with a total GDV of RM74.8 million. With a well thought out and luxurious layout, this development is just a short drive away from the various commercial, recreational, and educational amenities located in the southern fringe of Cheras.

PARK RESIDENCY

DAMAISURIA

This low density, gated and guarded residential development consists of 62 units of three-storey link-residence with each measuring 2,875 to 2,946 sq. ft., boasting column-free interiors with three designs to choose from. The interior of the residence has been designed to promote cross-ventilation and natural lighting. This is in line with the Group's philosophy in preserving the natural environment, with a large park situated just next to the project for recreational purposes.

Park Residency is an ongoing project that was launched and is expected to be completed in the year 2021.

DAMAISURIA @ SUBANG

Damaisuria is a township residential development project that consists of serviced apartments, shop offices and retail lots designed with Mother Nature in mind. Damaisuria sits on a 46.2-acre land, with an estimated GDV of RM795.6 million.

Damaisuria targets young urbanites who value nature and exclusivity. The development is designed with a concept of having a cheerful linear park in the heart of the development. The special features include play pools, which encourage family gathering activities, and the linear park with facilities along the spine road is a recreational hub for community activities.

In addition, the development's strategic location provides an easy access to major highways such as the Guthrie Corridor Expressway (GCE), North Klang Valley Expressway (NKVE) and the North-South Central Link.

Damaisuria Phase 1 is expected to be launched in FYE 2019, consisting of four towers of serviced apartments with an indicative built-up area of 654 sq. ft. to 971 sq. ft., priced from RM350,000 onwards.

RIVERIA CITY @ KL SENTRAL

Strategically located in KL Sentral in Kuala Lumpur, and easily accessible via roads and public transportation, this mixed development sits on a 11.2 acres land, with a GDV of RM1.5 billion. This mixed development comprises 3 towers with 54 to 63 storey each, ranging from 255 to 825 sq. ft. Located within Kuala Lumpur's central business district, Riveria City is a transit-oriented development, conveniently connected to Nu Sentral, Mid Valley and KLCC.

It comprises one tower of office suites with a built-up area of 250 sq. ft. and 486 sq. ft. and two towers of serviced apartments. Construction of the first phase of Riveria City, consisting of a 54-storey lifestyle office suite tower, has already begun in Q3 2018.

SALES AND MARKETING INITIATIVES

Rising to meet the needs of millennials and readiness for Industrial Revolution 4.0, the Group focuses on creative digital assets that will help capture the attention and adoration of a rapidly evolving market segment.

In this current digital age, it is imperative to utilise the technology to its maximum benefit to reach out to a wider range of target audience, especially the younger generation and first-time home buyers, who are more likely to be on the lookout for affordable properties.

Riding on this trend, an introduction of a "Digitalisation" initiative has been introduced since last year. The initiative includes a real time sales chart and centralised online sales booking, enabling the Group to have multiple sales channels to distribute its products concurrently. For the agents and sales team, they are able to utilise the centralised system to sell properties concurrently. As such, we are able to be effective in conducting our sales campaign and make use of the real-time reporting to improve work efficiency.

Besides these processes are replaced by our technology, we are able to provide convenience for purchasers, as well as to our lawyers by enhancing customer experience during the entire sales cycle, including the appointment for the signing of Sales & Purchase Agreement and setting appointments for key collection upon completion.

Besides being cost-friendly, it also serves as a platform for the sales team to reach potential purchasers in less time while simultaneously creating an impressive and lasting impact.

The team has also worked together with different parties to create more diversified offerings to purchasers. This includes working together with interior designers and property agencies to come up with attractive packages for purchasers.

RIVERIA CITY

Titijaya as one integrated team, believe in a unified plan to bring tremendous advantages to ensure consistent standards of the sales process to customers. The Group builds trust and values them by communicating closely on a one-on-one basis, maintaining customers' relationship and recognising the products that they have purchased.

RISK AND MANAGEMENT

Risk management forms an important part of the integral process of achieving the Group's business objectives. Key risks for the Group and the Group's risk management approach is provided in more detail in the Statement of Risk Management and Internal Control on page 68 to 71 of this Annual Report.

PROSPECTS AND OUTLOOK

Reported by the Malaysian Institute of Estate Agents (MIEA), the first half of 2018 saw a gentle recovery in the property market, and it is expected to make a gradual recovery in the second half through to 2020. Combined with the fact that Malaysia has reverted to the Sales and Service Tax (SST) from the Goods and Services tax (GST), and the abolishment of the fuel pricing floating mechanism, it has boosted domestic market sentiment and renewed consumer confidence in the property market.

Although World Bank has in October 2018 cut its forecast for Malaysian economic growth this year to 4.9%, from a 5.4% estimate in April given the cancellation of several infrastructure projects and lower export growth behind the weaker outlook, the bank was in the opinion that the local economy will still be supported by strong growth in private consumption. The bank stated that private consumption is projected to expand 7.2% this year, from 7% registered in 2017.

However, the Group remains cautiously optimistic on the property outlook in the year of 2018 and 2019 while awaiting clearer housing policies from the government and in the view that buying interests will be improved in the next 12 months on the back of greater stability going forward. Bank Negara has also stressed that the Malaysian economic outlook remains positive amid challenging external environment. The Central Bank is in the opinion that Malaysia's GDP will remain on a growth path into 2019, supported by its diversified economy and nature of exports.

As a property developer, the Group will continue to explore new opportunities, grow its land bank accordingly, and possibly diversify its product portfolio at appropriate times. For land-banking strategies, the Group focuses on synergistic alliances instead of purchasing land directly, which would incur hefty upfront payments and stretch its balance sheet.

Moving forward into FYE 2019, barring any unforeseen circumstances, the Group is cautiously optimistic of its future performance. The Group will continue to focus on the affordable property market segment with the expectation that the real estate environment will improve in the months to come. In the year 2018 and 2019, Titijaya looks forward to exploring more opportunities that will allow the Group to continue innovating and providing purchasers with discerning products of the highest quality.

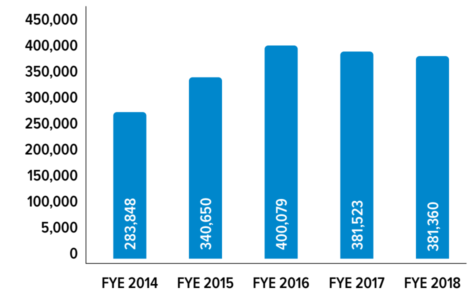
FINANCIAL HIGHLIGHTS

OUR FINANCIAL PERFORMANCE

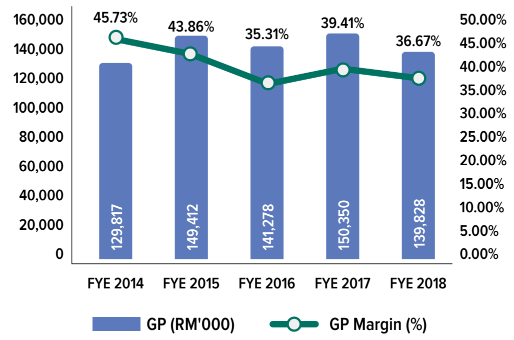
ANNUAL FINANCIAL RESULTS

	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Revenue (RM'000)	283,848	340,650	400,079	381,523	381,360
GP (RM'000)	129,817	149,412	141,278	150,350	139,828
PBT (RM'000)	96,443	111,083	91,414	110,079	102,722
PAT (RM'000)	71,295	80,751	68,297	75,812	71,224
GP Margin	45.73%	43.86%	35.31%	39.41%	36.67%
PBT Margin	33.98%	32.61%	22.85%	28.85%	26.94%
PAT Margin	25.12%	23.70%	17.07%	19.87%	18.68%
Net EPS (RM)	0.23	0.23	0.19	0.20	0.06

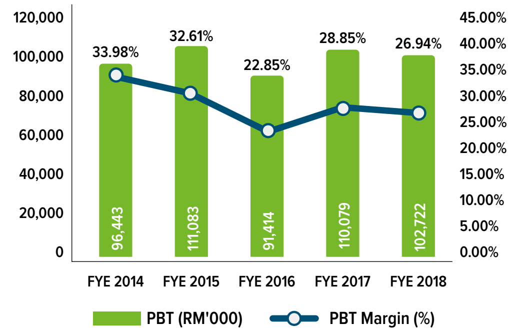
REVENUE (RM'000)



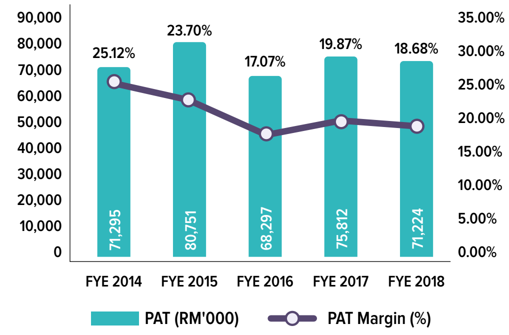
GROSS PROFIT (RM'000)



PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



BOARD OF DIRECTORS

Datuk Seri Ch'ng Toh Eng
Independent Non-Executive Director

Tan Sri Dato' Lim Soon Peng
Group Managing Director

Adrian Cheok Eu Gene
Alternate Director to Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir

Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor
(Retired)
Independent Non-Executive Chairman

BOARD OF DIRECTORS
(continued)

Lim Puay Fung
Executive Director

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
Non-Independent Non-Executive Director

Chin Kim Chung
Non-Independent Non-Executive Director

Lim Poh Yit
Deputy Group Managing Director

Datuk Nozirah Binti Bahari
Independent Non-Executive Director

DIRECTORS' PROFILES

Laksamana Tan Sri Dato' Setia Mohd Anwar bin Hj Mohd Nor
(Retired)
Independent Non-Executive Chairman
Malaysian, Male, 68 years old

Laksamana Tan Sri Dato' Setia Mohd Anwar bin Hj Mohd Nor ("Tan Sri Dato' Setia Mohd Anwar") (male) aged 68, was appointed as the Independent Non-Executive Chairman of the Company on 31 July 2014. He is also the Chairman of the Nomination Committee and Board Risk Management Committee of the Company. Besides that, he is a member of the Audit Committee of the Company.

Tan Sri Dato' Setia Mohd Anwar received his education at the Naval Base Secondary School, Singapore and the Officer Cadet School at the Britannia Royal Naval College Dartmouth, United Kingdom. He graduated from the Naval Staff College Rhode Island, USA Class 18 in 1981 and Joint Services Staff College in Canberra, Australia in 1988. He holds a Master's Degree in Engineering Business Management from University of Warwick, United Kingdom and was conferred an Honorary Doctorate of Doctor of Management by the University Terengganu Malaysia.

He served the Royal Malaysian Navy for thirty-eight and a half (38.5) years, commanded six (6) ships and also several Shores Bases. He rose to the rank of Admiral and took office as Chief of Navy in August 2003 and later became the first Naval Officer to assume the post of the Chief of Defence Force in April 2005 until 2007.

He was the President of the Malaysian Hockey Federation and is currently the President of the Malaysian Golf Association (MGA).

Tan Sri Dato' Setia Mohd Anwar was elected as the President of the Ex-Serviceman Association Malaysia (NGO) and continues to be President of the Retired Malaysian Navy Officers' Association (RMNOA).

He does not hold any directorship in public listed companies and listed issuers.

Tan Sri Dato' Setia Mohd Anwar attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2018.

Tan Sri Dato' Lim Soon Peng

Group Managing Director
Malaysian, Male, 63 years old

Tan Sri Dato' Lim Soon Peng ("Tan Sri Dato' Lim") (male) aged 63, is the Group Managing Director and was appointed to the Board on 24 September 2012. He is a member of the Remuneration Committee of the Company.

Tan Sri Dato' Lim left primary school in 1967 to assist in his family's trading business and after a few years, he ventured into construction and engineering activities.

In 1983, Tan Sri Dato' Lim started his property development business through Titijaya (M) Sdn. Bhd. and, in subsequent years, he progressively established the subsidiaries under the Titijaya Group to undertake new property development projects. As Founder and Group Managing Director of the Titijaya Group, Tan Sri Dato' Lim has been primarily responsible for its expansion and growth to where it is now.

Tan Sri Dato' Lim has accumulated more than forty (40) years of invaluable experience in the property development industry. He has received numerous personal and industry awards for his contributions and entrepreneurship e.g. "50 Hokkien Model Award & Excellence Award" by The Federation of Hokkien Associations of Malaysia; "100 Prominent Outstanding Chinese Leaders" by The Associated Chinese Chamber of Commerce & Industry (China); "Malaysia Power Brand 2011" by Asia Entrepreneur Alliance Worldwide; "The World's SMEs Best Brands (Non PLC)" by Asia Pacific Brands Foundation; "Highly Commended Developer Website" by Asia Pacific Property Awards Development and "The Premier Brand ICON Leadership" by Asia Pacific Brands Foundation.

Tan Sri Dato' Lim is the father to Lim Poh Yit, the Deputy Group Managing Director and substantial shareholder of the Company and Lim Puay Fung, the Executive Director and substantial shareholder of the Company.

Currently, he holds directorships in the Malaysian Chinese Women Entrepreneurs Foundation, Titijaya Foundation, Yayasan Penjaja Dan Peniaga Kecil 1 Malaysia and several other private limited companies.

Tan Sri Dato' Lim attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2018.

Lim Poh Yit

Deputy Group Managing Director
Malaysian, Male, 35 years old

Lim Poh Yit ("Mr. Lim") (male) aged 35, is the Deputy Group Managing Director since 31 July 2014, and was appointed to the Board on 28 August 2012. Mr. Lim is also a member of the Board Risk Management Committee of the Company.

Upon graduating with a Bachelor of Computing Degree from Monash University, Australia in 2003, Mr. Lim joined the Group in 2004 as Business Development Executive undertaking project development feasibility studies, identifying suitable land banks and was also the personal assistant to Tan Sri Dato' Lim in the day-to-day management of the Group.

Mr. Lim has more than 14 years of experience in the property development industry. As the Deputy Group Managing Director, he is responsible for the Group's day-to-day management, strategic planning, property development projects, human resources, accounts and finance as well as overseeing the implementation of the Group's internal policies.

Mr. Lim is the son of Tan Sri Dato' Lim, the Group Managing Director and substantial shareholder of the Company and the brother to Lim Puay Fung, an Executive Director and substantial shareholder of the Company.

Currently, he holds directorship in Titijaya Foundation and several directorships in a number of private limited companies.

Mr. Lim attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2018.

Lim Puay Fung

Executive Director
Malaysian, Female, 38 years old

Lim Puay Fung ("Charmaine Lim") (female) aged 38, is an Executive Director of the Company and was appointed to the Board on 24 September 2012. Upon graduation with a Bachelor of Commerce (Corporate Finance) from the University of Adelaide, Australia in 2002, she joined the Group in 2003 as a Marketing Executive. She oversaw advertising, promotional activities, and marketing strategies for launches in the various development projects of the Group.

In 2007, she was promoted as the Group Sales & Marketing Director and has been responsible for the Group's product development, strategic planning, branding & conceptual development, interior design, and sales & marketing in day to day operations.

In more than 14 years of experience in the property industry, Charmaine Lim has created and executed marketing campaigns for numerous projects. As the Executive Director, she is responsible for the Group's Sales & Marketing, Property Management & Leasing Division.

Charmaine Lim is the daughter of Tan Sri Dato' Lim, the Group Managing Director and sister of Lim Poh Yit, the Deputy Group Managing Director. All of them are substantial shareholders of the Group. Currently, she holds directorship in Titijaya Foundation and several directorships in a number of other private limited companies.

Charmaine Lim attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2018.

Datuk Seri Ch'ng Toh Eng

Independent Non-Executive Director
Malaysian, Male, 61 years old

Datuk Seri Ch'ng Toh Eng ("Datuk Seri Ch'ng") (male) aged 61, is an Independent Non-Executive Director of the Company and was appointed to the Board on 24 September 2012. Datuk Seri Ch'ng is the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Board Risk Management Committee of the Company.

He obtained his Diploma in Education in 1979 from the Language Institute, Kuala Lumpur.

Datuk Seri Ch'ng started his career in 1980 as a secondary school teacher in Sri Tanjung, Kuala Selangor. In 1990, he was appointed as the Press Secretary to the Minister of Housing and Local Government. Subsequently, in 1993, he was promoted as the Political Secretary to the Minister of Housing and Local Government, a post that he held until 1995. In the same year, he was elected as a Selangor State Assemblyman and was subsequently appointed as a member of the Selangor State Executive Council which he served until 2008.

During his nineteen (19) years in both federal and state government administrations, he had accumulated various experiences in the areas of administration of environment, information communication technology and state planning.

He is a Director of Time Galaxy (M) Sdn. Bhd. and does not hold any directorship in other public companies and listed issuers.

Datuk Seri Ch'ng attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2018.

Datuk Nozirah Binti Bahari

Independent Non-Executive Director
Malaysian, Female, 62 years old

Datuk Nozirah Binti Bahari ("Datuk Nozirah") (female) aged 62, is an Independent Non-Executive Director of the Company and was appointed to the Board on 25 September 2017. She is also the Chairman of the Audit Committee and a member of the Board Risk Management Committee of the Company.

Datuk Nozirah holds a Bachelor's Degree in Social Science (Hons) in Urban Studies from University of Science Malaysia and a Diploma in Public Administration from the Institute of Public Administration (INTAN). She has also attended several management programmes such as the Advanced Management Programme in Harvard Business School and the Global Leadership Development Programme organised by the International Centre for Leadership in Finance.

She started her career as an Assistant Secretary in the Finance Division in the Ministry of Finance Malaysia. Over the years, she has served in various other ministries including the Ministry of Health, Ministry of Agriculture and the Prime Minister's Department (MAMPU Branch Office in Sabah). Datuk Nozirah was the Deputy Secretary General (Management) of the Ministry of Finance Malaysia before she was appointed as the Chairman of Cradle Fund Sdn. Bhd., an agency under the Ministry of Finance that manages the Cradle Investment Programme which offers funding for development and commercialisation of technology ideas.

Currently, Datuk Nozirah holds directorship in RHB Islamic Bank Berhad, RHB Islamic International Asset Management Berhad, Bintulu Port Holdings Berhad, MyWin Academy Berhad and Private Pension Administrator.

Datuk Nozirah attended four (4) out of four (4) Board Meetings of the Company held since her appointment as Director of the Company during the financial year ended 30 June 2018.

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir

Non-Independent Non-Executive Director
Malaysian, Male, 70 years old

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir ("Tan Sri Syed") (male) aged 70, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 3 October 2014. Tan Sri Syed is a member of the Nomination Committee of the Company.

Tan Sri Syed graduated with a Bachelor of Economics Degree majoring in Accountancy from the University of Tasmania, Australia in 1975.

He is an entrepreneur who has more than forty (40) years of experience in diverse areas such as property development, construction, media, entertainment, hotel management and hospitality, food and beverage, banking and information technology.

Currently, Tan Sri Syed is the Chairman of YLI Holdings Berhad, a company listed on Bursa Securities.

He is also on the Board of various private companies and a trustee of Yayasan Raja Muda Selangor, Yayasan Sultan Kelantan Darul Naim and Yayasan Toh Puan Zurina (Melaka).

Tan Sri Syed attended four (4) out of five (5) Board Meetings of the Company held during the financial year ended 30 June 2018.

Adrian Cheok Eu Gene

Alternate Director to Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
Malaysian, Male, 60 years old

Adrian Cheok Eu Gene ("Mr. Cheok") (male) aged 60, is the Alternate Director to Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir, and was appointed to the Board on 3 October 2014.

Mr. Cheok graduated from Monash University in Melbourne, Australia, with a Bachelor of Economics Degree. He has also obtained a postgraduate qualification in Company Law from RMIT, Melbourne, Australia.

Mr. Cheok's career began in 1982 as Head of General and Marine Insurance Claims in QBE Supreme Insurance. Subsequently, he left to join Malayan United Bank as a Foreign Exchange and Money Market Dealer before joining Bumiputera Merchant Bankers as a Fund Manager. He was later appointed Head of Investment at Prudential Assurance Berhad before joining Vickers Ballas Research (M) Sdn. Bhd. as Managing Director. Over the years, he has accumulated vast experience in investment banking and capital markets. He has served on the Board of various public listed companies in Malaysia and Hong Kong.

Currently, he is on the Board of Rockwills Trustee Berhad and various private limited companies.

Chin Kim Chung

Non-Independent Non-Executive Director
Malaysian, Male, 54 years old

Chin Kim Chung ("Mr. Chin") (male) aged 54, is a Non-Independent Non-Executive Director of the Company. Mr. Chin was appointed to the Board on 24 September 2012.

Mr. Chin is a member of the Audit Committee, Board Risk Management Committee and Remuneration Committee of the Company.

He is a member of the Malaysian Institute of Accountants, an Associate of the Malaysian Institute of Taxation, a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Certified Public Accountants.

Mr. Chin started his career in the audit profession in 1992 with Big Four. In 2003, he co-founded a professional partnership firm, providing professional services in external audit, liquidation and corporate finance related services. Since 2006, his firm practiced under the name of Russell Bedford LC & Company, a member of Russell Bedford International, a global network of independent professional services firms.

At Russell Bedford Malaysia, he is involved in the management of the firm and is also responsible for the firm's professional service lines in the areas of external audit, liquidation and corporate advisory related services.

With more than two (2) decades in the audit profession, he has accumulated vast invaluable experience in the areas of auditing, advisory work involving corporate exercises, liquidation, recovery and turnaround management and corporate advisory related services.

Currently, Mr. Chin holds directorship in the Malaysian Chinese Women Entrepreneurs Foundation and several other private limited companies.

Mr. Chin attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2018.

Notes:-

Save as disclosed, none of the Directors has:-

- *any family relationship with any directors and/or major shareholders of the Company;*
- *any conflict of interest with the Company;*
- *any conviction for offences within the past 5 years other than possible traffic offences, if any ; and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

SENIOR MANAGEMENT TEAM PROFILES

1. **Tan Kian Whoo**
Group Chief Financial Officer

2. **Teh Kian Joo**
Senior General Manager of Property Development and Project Department

3. **Chong Swee Hoe**
General Manager of Property Development and Project Department

4. **Ng Che Chin**
Assistant General Manager of Contracts and Administration Department

5. **Regine Yap Lay Ching**
Assistant General Manager of Marketing and Sales Department

Tan Kian Whoo ("Edmund") (male) (Malaysian) aged 42, is the Group Chief Financial Officer and was appointed by the Company on 1 September 2014. He is responsible for developing the Company's financial strategy, treasury planning, risk management operation and ensuring prudent financial reporting for the Company. He is also involved in the Company business strategy and structural planning.

Edmund graduated from University of Technology Sydney, Australia with a Bachelor of Business Degree in Accounting and Finance. He holds a professional qualification as Certified Practising Accountant, Australia (CPA) and is also a member of the Malaysian Institute of Accountants (MIA).

He started his career in 2000 as an Auditor in Ernst & Young and subsequently ventured into the property development industry in 2006. He has been previously employed by a number of public listed companies in Malaysia including MK Land Berhad, Nam Fatt Corporation Berhad and Glomac Berhad.

Edmund has over eighteen (18) years of accounting and finance experience in the property development industry.

He does not hold any directorship in public listed companies and listed issuers.

Teh Kian Joo ("Mr. Teh") (male) (Malaysian) aged 53, was appointed as the General Manager of the Property Development and Project Department on 1 June 2015 and was promoted to the post of Senior General Manager on 1 December 2017. After graduating with a Bachelor of Science (Building) from the University of Newcastle, Australia, he then obtained the Master of Business Administration in Construction Management from Warnborough University, United Kingdom.

Mr. Teh has more than thirty (30) years of working experience in Low-rise to High-rise residential and commercial building in the property development industry. He has served at various senior management positions, with Masalam Sdn. Bhd., MBF Property Services Sdn. Bhd., SunwayMas Sdn. Bhd., Nam Fatt Corporation Berhad and Glomac Berhad.

Mr. Teh is responsible for project implementation, ensuring and monitoring smooth execution of property construction, to complete project within time, budget and quality.

He does not hold any directorship in public listed companies and listed issuers.

Chong Swee Hoe ("Shawn") (male) (Malaysian) aged 43, is the General Manager for Property Development and Project Department. He began his tenure with the Group on 1 November 2016. He holds a Bachelor of Planning and Design from University of Melbourne and a Bachelor of Architecture from University of Melbourne. He is a corporate member of the Pertubuhan Akitek Malaysia and a registered Architect of the Board of Architects Malaysia.

Shawn has more than eighteen (18) years of working experience in several industries namely, designing, property development and construction. Before joining the Group, he served in various job segments such as architectural design and consultancy and project management in ArchiCentre Sdn. Bhd. from 2001 to 2003 and in Garis Architects Sdn. Bhd. from 2003 to 2007. Later, from 2007 to 2016, he worked with Modular Construction Technology Sdn. Bhd. (now known as MCT Bhd), a property development company, where he has overseen various projects for planning and managing the development.

With his vast industry experience, Shawn's current role in the Group consists of managing current developments in product development and planning for upcoming projects.

He does not hold any directorship in public listed companies and listed issuers.

Ng Che Chin ("Ms. Ng") (female) (Malaysian) aged 42, is the Assistant General Manager for the Contracts and Administration Department. She has been with the Group since 2 August 2004. She holds a Bachelor of Science in Construction Management from Heriot-Watt University, United Kingdom.

Ms. Ng has more than twenty one (21) years of working experience in the construction industry. Before joining the Company, she served as an Assistant Quantity Surveyor in Pembinaan Mitrajaya Sdn. Bhd., a wholly owned subsidiary of Mitrajaya Holdings Berhad and as a Quantity Surveyor in Titijaya Construction Sdn. Bhd..

Ms. Ng has vast experience in overseeing various types of contracts in connection with the construction industry, which includes negotiating, evaluating and finalising the terms of the tender documents, the main contracts and sub-contracts with the contractors and sub-contractors. She also provides guidance and/or advice to the project managers or other operational staff to ensure that the project administration is in accordance with the terms of the contracts. She is also responsible in handling the dispute resolution process and assisting management in connection with the claims payment.

She does not hold any directorship in public listed companies and listed issuers.

Regine Yap Lay Ching ("Regine") (female) (Malaysian) aged 40, is the Assistant General Manager for Marketing and Sales Department. She has been with the Group since 24 April 2006. She holds an Advanced Diploma in Business Studies from Sepang Institute of Technology, Malaysia and a Graduate Diploma in Management Studies from the Institute of Commercial Management, England.

Regine has more than seventeen (17) years of working experience in planning, organising, preparing, and arranging sales, as well as implementing marketing strategies. Prior to working with the Group, she served as a Senior Marketing Executive in both WCT Land Sdn. Bhd., a wholly owned subsidiary of WCT Holdings Berhad and Mah Sing Group Berhad. She has been involved in the planning of a few major township projects namely Bandar Bukit Tinggi 1 and 2 and Bandar Parklands by WCT Land Sdn. Bhd. and Aman Perdana, Klang by Mah Sing Group Berhad.

Regine is responsible for overseeing the marketing and sales departments in the Company.

She does not hold any directorship in public listed companies and listed issuers.

Notes:-

Save as disclosed, none of the Key Senior Management has:-

- *any family relationship with any directors and/or major shareholders of the Company;*
- *any conflict of interest with the Company;*
- *any conviction for offences within the past 5 years other than possible traffic offences, if any; and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT: INTRODUCTION

In line with the amendments to the Main Market Listing Requirements on sustainability reporting issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), we are pleased to present Titijaya Land Berhad's ("Titijaya" or "the Group") Sustainability Statement for FYE 2018. It covers aspects of the Group's economic, environmental and social performance, and aspects of governance that reflect our commitment to sustainability.

The disclosures in this statement are based on the Global Reporting Initiative (GRI) G4 reporting guidelines, an international framework for sustainability reporting recommended by Bursa Malaysia.

SCOPE OF REPORTING

Over the years, we have grown from strength to strength and are poised to expand further in our development plans covering strategically located areas in Malaysia. In defining the scope of reporting for this statement, we have selected four projects. They are:

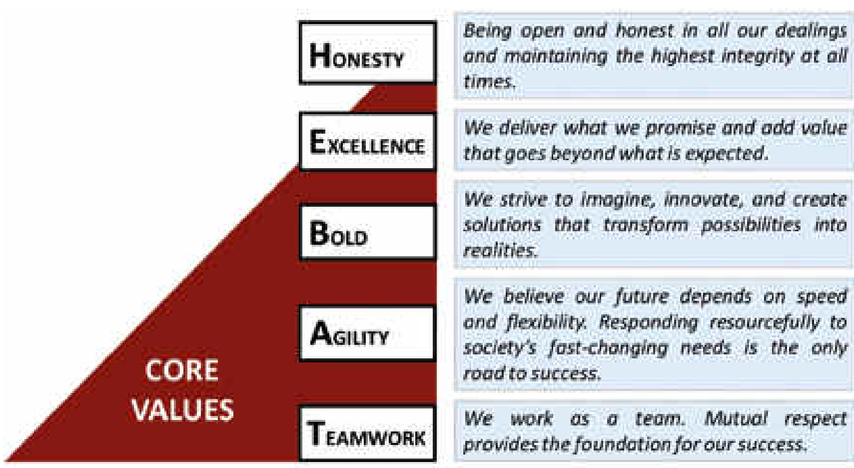
Project:	3Elements	embun	H2O	emery – Phase 1
Location:	Seri Kembangan	Kemensah	Ara Damansara	Kemensah
Project Stage:	Completed	Completed	On-Going	Completed

REPORTING PERIOD

1 July 2017 – 30 June 2018 (FYE 2018), unless specified otherwise.

OUR APPROACH TO SUSTAINABILITY

"....sustainable development is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are made consistent with future as well as present needs." ***World Commission on Environment and Development, 1987***



We believe that sustainability starts with our corporate culture, which is best defined by our core values of Honesty, Excellence, Bold, Agility and Teamwork. Backed by a sound and performance driven corporate culture as well as strong governance, we are able to realise our core purpose, which is - *"to be an inspiration for better quality of life"*.

Sustainability is a valuable lens through which we seek to explore opportunities to reduce risk, generate revenue and optimise cost. Using a disciplined and focused approach to set our priorities and analyse what matters most along our entire value chain, we strive to integrate aspects of economic, environmental and social sustainability into our operations.

SUSTAINABLE DEVELOPMENT GOALS

We support the aspirations of the United Nation's 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). The 17 SDGs, otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

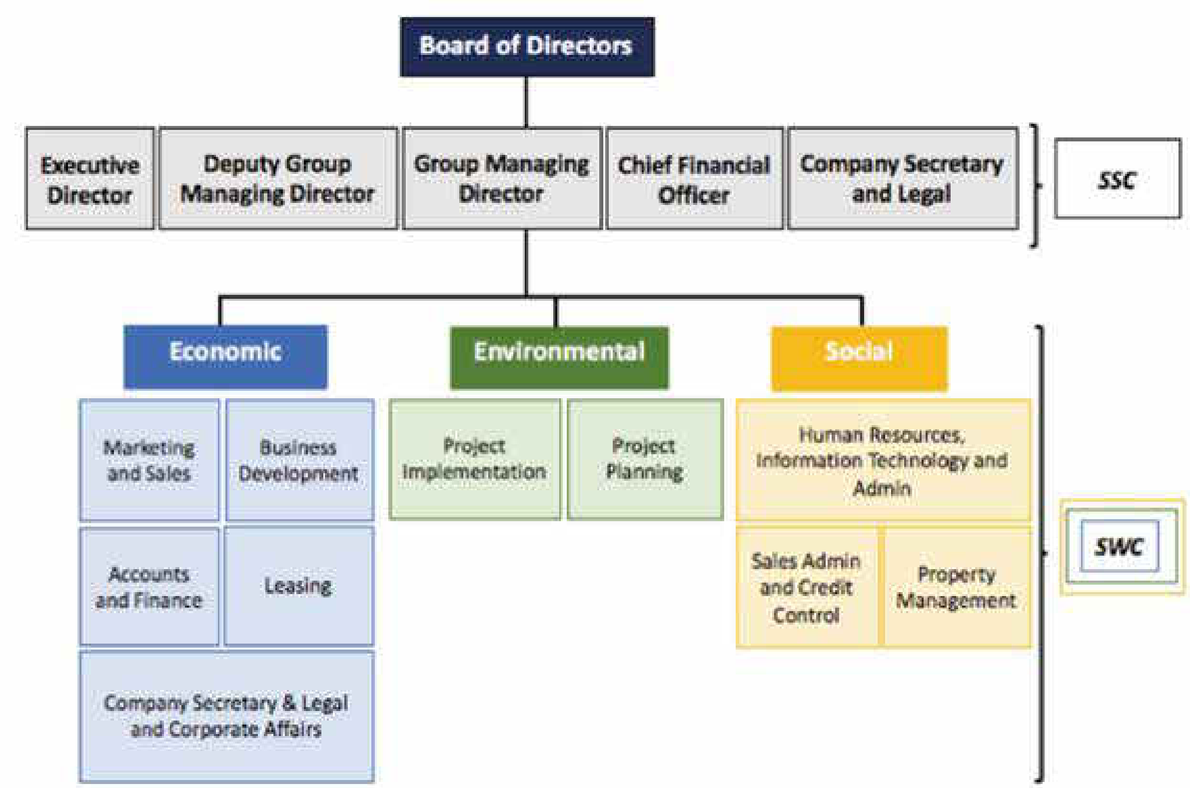
In the context of business, we view this movement as one that will help create momentum and support the coming together of market potential, societal demands and policy action.

On our part, we have sought to identify those SDGs that align with our current initiatives and aspirations to integrate sustainability throughout our value chain. Decent Work and Economic Growth (SDG 8); Sustainable Cities and Communities (SDG 11) and Peace, Justice and Strong Institutions (SDG 16) are the key SDGs that reflect our sustainability journey.

GOVERNANCE AND SUSTAINABILITY

We recognise the importance of setting the tone from the top in order to strengthen an organisation's commitment to sustainability. With our three-tiered governance structure involving the Board of Directors ("the Board") and key personnel from the management team as well as key departments, we have created a line of accountability for sustainability within the organisation.

While the Board is the approving body at the apex of the structure, the Sustainability Steering Committee (SSC) reports to and updates the Board. The SSC comprises the Executive Director, Deputy Group Managing Director, Group Managing Director, Chief Financial Officer and the Company Secretary and Legal. The Sustainability Working Committee (SWC) plays a key role in the governance structure as it consists of the main departments that manage and implement the initiatives and projects that will have an impact on the Group's sustainability performance.



STAKEHOLDER ENGAGEMENT

We recognise that multi-stakeholder partnerships and collaborations will become increasingly important in realising shared value opportunities. Maintaining an active dialogue with our stakeholders is central to understanding and being conscious of the kind of impact we have on all aspects of society including economic, social, and environmental. In running our day-to-day business, we engage with and are accountable to different groups of stakeholders, including investors, customers, employees, suppliers, vendors and contractors, regulatory bodies and local communities. Our key efforts to engage and be responsive to the interests and concerns of our stakeholders are listed herewith.

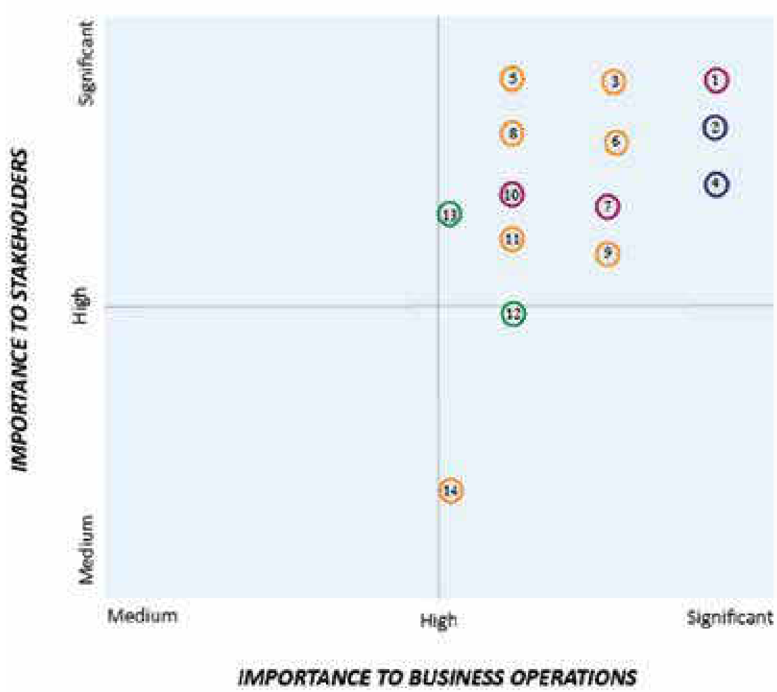
Stakeholder Groups	Areas of Interest	Methods of Engagement
Employees	Performance Management	Staff appraisal
	Learning and Development	Training programmes
	Ethics and Integrity	Circulation of internal policies
	Remuneration	Staff survey and activities
Investors	Financial performance	Investor seminars
	Business strategy	Annual general meeting
	Stable income distribution	Annual report
		Bursa and website announcements
Customers	Efficient complaint resolution	Customer care portal
	Customer-company relations	Customer appreciation and loyalty programme
	Safety and security	
	Product quality	Regular client meeting
		Feedback sessions and surveys
		Community networking session
		GBI and QLASSIC certification
Suppliers and Contractors	Transparent procurement practices	Evaluation and performance reviews
	Payment schedule	Contract negotiation
	Pricing of services	Vendor registration
	Sustainable building methods	Contract agreement
	HSE compliance	Site inspection and verification
	Timely completion and delivery	
Regulatory Bodies	Compliance and adherence	Inspection by local authority
	Security and safety issues	Annual report
	Public nuisance issues	General meetings with local regulators
	Labour practices	
Local Communities	Environmental impacts	Community engagement
	Impact on existing businesses	Financial reporting
	Transparency and accountability	Sustainability reporting

MATERIAL MATTERS

A critical part of developing our sustainability ambition is to identify and prioritise sustainability related risks of material importance to the Group and its stakeholders. The key steps involved in identifying and prioritising our material sustainability matters are as follows:

Based on the ranking given to each of the material matters by the SWC, we derived a materiality matrix as shown on below. We then mapped the material sustainability matters to the relevant stakeholder group, GRI indicator and SDG, as shown on page 42. This mapping helps align the direction of the Group towards sustainable development to international benchmarks and identifies the stakeholder group that is affected by the material sustainability matter in question.

MATERIALITY MATRIX



Colour Legend

- Social
- Governance
- Economic
- Environmental

Material Sustainability Matters	
1	Corporate Governance and Transparency
2	Financial Performance
3	Product Quality
4	Procurement and Supply Chain Management
5	Legal and Regulatory Compliance
6	Customer Satisfaction
7	Risk Management
8	Occupational Health and Safety
9	Talent Retention
10	Ethics and Integrity
11	Training and Development
12	Green Initiative
13	Environmental Regulatory Compliance
14	Community Engagement

MATERIALITY MAPPING

Material Sustainability Matters	Stakeholder Group(s)	GRI Indicator	SDG
1 Corporate Governance and Transparency	Employees, Regulatory Bodies, Investors	GRI General Disclosure	SDG 16
2 Financial Performance	Investors, Employees	Economic Performance	SDG 8
3 Product Quality	Regulatory Bodies, Investors, Employees	Product and Service Labeling	SDG 11
4 Procurement and Supply Chain Management	Suppliers and Contractors, Regulatory Bodies	Procurement Practices	SDG 11, SDG 12
5 Legal and Regulatory Compliance	Regulatory Bodies	Compliance	SDG 16
6 Customer Satisfaction	Customers	Product Responsibility	SDG 16
7 Risk Management	Investors, Regulatory Bodies	GRI General Disclosure	SDG 16
8 Occupational Health and Safety	Employees, Contractors, Regulatory Bodies	Occupational Health and Safety	SDG 3
9 Talent Retention	Employees	Employment	SDG 8
10 Ethics and Integrity	Employees, Investors, Regulatory Bodies	GRI General Disclosure	SDG 16
11 Training and Development	Employees	Training and Education	SDG 4
12 Green Initiative	Customers, Investors	Products and Services	SDG 11
13 Environmental Regulatory Compliance	Regulatory Bodies, Investors	Compliance	SDG 15
14 Community Engagement	Local Communities	Local Communities	SDG 6

GOVERNANCE, RISK AND COMPLIANCE

In seeing through our vision for sustainability, an integrated approach to governance, risk and compliance is essential.

CORPORATE GOVERNANCE

The pillars of corporate governance such as ethical behaviour, accountability, transparency and sustainability are important to the governance of companies and stewardship of investors' capital. It also allows for comprehensible decision and control mechanisms, builds investor confidence in this industry and reduces information asymmetries.

The Group continues to create long-term value and practice high standards of corporate governance and a definitive effort in this direction is our application of the Principles and Recommendations of the Malaysia Code on Corporate Governance 2017, details of which are available from page 50 to 62 of the Annual Report.

BUSINESS TRANSPARENCY

Along with corporate governance, business transparency is also considered fundamental for the sustainable growth of the organisation. Moreover, with customers, investors and employees increasingly interested in an organisation's social and environmental performance, transparency is becoming a corporate necessity. At Titijaya, we conduct business with a high degree of integrity and transparency. The different ways in which we foster two-way communication between the Group and its internal and external stakeholders have been highlighted in this statement.

RISK MANAGEMENT

The Risk Management Committee (RMC) seeks to focus and coordinate risk management activities throughout Titijaya. The RMC meets not less than four times a year to facilitate the identification, evaluation and management of all key business risks. Risks such as product quality, customer satisfaction, regulatory compliance and occupational health and safety that were listed in FYE 2018's risk register, were also identified as sustainability related matters and were ranked during the materiality assessment process.

REGULATORY COMPLIANCE

Meeting the compliance demands and expectations of our stakeholders requires regular audits, inspections and reporting, which we prioritise as it sets the foundation of a healthy and transparent business operation and in effect, reduces the incidents of non-compliance.

Non-compliance to laws and regulations could result in the Group being reprimanded or penalised by the relevant authority or regulatory body. Therefore, we remain vigilant of the changes and updates made to the regulations relating to the Group's business operations. Respective departments within Titijaya are made aware and monitor the compliance of regulations i.e. formal awareness and trainings are provided to staff on new regulations.

Real Estate and Housing Development Laws
National Land Code (Act 56) 1965
Malaysian Construction Industry Development Board Act 1994
Housing Development (Control and Licensing) Act 1966
Strata Titles Act 1985
Strata Management Act 2013

BUILDING SUSTAINABLY

We place customers at the heart of our business and in order to protect their interests, we fulfil aspects of social and environmental sustainability throughout our value chain. During each project phase sustainability should be accounted for, i.e. from the time the idea for the product is conceived until it is handed off in its final form. This includes planning product realisation, designing and developing, production and servicing. Our ISO 9001:2015 certification for project development and management attests the authenticity of our efforts towards effective planning and successful project delivery.

PRODUCT QUALITY

We continuously strive to understand what our customers seek and work towards improving the quality of our projects to build their confidence in our products and services. Errors in the design, poor workmanship and sub-standard construction materials used for the construction works could cause product quality issues and result in higher operating cost due to modification or rectification works.

In order to achieve a high level of product quality, we have internal processes that clearly indicate actions and plans for the interaction of all parties involved in the overall process, such as:

- The contractor is required to rectify any defects lodged by the purchaser during the defects liability period.
- Periodic and pre-vacant possession inspections are carried out jointly by the project team and the main contractor during the construction stage to ensure that the workmanship is in accordance with the expected quality.
- Close monitoring on the construction works to ensure the quality is as per the requirement.
- Regular meetings and discussions are held with relevant parties i.e. consultants, architect, main contractor etc. to review the project progress and resolve issues faced from the project planning stage until the project completion.
- Mock-up units are constructed for contractor's reference prior to project commencement.

QUALITY ASSESSMENTS

QLASSIC is a third-party quality assessment in construction that uses a statistical approach to evaluate the quality of workmanship and finishes of a project against approved standards. In 2017, our projects received high QLASSIC scores. Embun, our residential project in Kemensah received a QLASSIC score of 80 per cent from the Construction Industry Department Board (CIDB) of Malaysia. Having received this high score, Embun was recognised with the High QLASSIC Achievement Award on QLASSIC Day, which was held on August 2017.

While the service apartment building of 3Elements received a QLASSIC score of 75 per cent, the office tower received a score of 76 per cent. The overall QLASSIC score is an aggregate score of the assessment on the project's architectural works, external works and basic mechanical and electrical fittings.

CUSTOMER SATISFACTION

Our Quality Policy lays emphasis on our commitment to enhance customer satisfaction by continual improvement of our quality management system while complying with legal and other requirements. We believe it is important to have effective customer relationship management in order to build Titijaya's image and reputation within the industry and to generate repetitive property purchasers for future projects.

Our efforts in this direction include pre-delivery inspections before arranging for the handover of keys to owners. Currently, we have a team of people to manage and record third party complaints and the status of complaints are closely monitored to ensure timely feedback is provided to the customers. All customer complaints relating to property management are channelled to one extension line. Moving forward, we plan to adopt an automated system called VP Care. This will allow our home buyers to identify any defects which will be recorded onto the system in order to expedite rectification works during the defect liability period.

CREATING SUSTAINABLE URBAN LIVING SPACES

Sustainable urban development takes into consideration the property's broader effects on the well-being of the surrounding community, evaluating additional value for the city or region's built environment. In this section we have highlighted plans and features pertaining to H2O, 3Elements, Embun and Emery that ensure sustainability at different stages of the project, including planning, construction and end use.

H2O, Ara Damansara

CONSTRUCTION WORKERS

During construction, the well-being of the workers at site will be monitored by the Health and Safety management system. Proper accommodation and sanitation, food, safety and water supply will be provided to the workers during the construction phase of the project.

CONSTRUCTION WASTE

A piling/sub-contractor will be engaged to develop and implement a waste management plan to recycle/salvage non-hazardous construction debris such as concrete and general waste. Post construction, provision will be made for permanent recycle bins that are accessible and convenient for H2O occupants to use.

STRATEGIC LOCATION

The location of H2O is strategic in that it is well connected by public transport. Ara Damansara LRT Station and Lembah Subang LRT Station are within walking distance. It is also in close proximity to existing amenities such as the Sime Darby Medical Center, Citta Mall and a school.

PROJECT DESIGN

Innovative and sustainable project design is integral in building sustainable urban living spaces. Design elements that are under consideration include:

- Herb garden (constitutes 30 per cent of the greenery)
- Regenerative lift (all service lifts and Bomba lifts for high level)
- High efficient T5 light fittings for selected zones
- Innovative aquatic elements integrated throughout the project

Embun and Emery, Kemensah

RAINWATER HARVESTING

The state government is encouraging property developers in Selangor to install rainwater harvesting and utilisation system in upcoming projects. In view of this as well as the benefits of rainwater harvesting in terms of reducing dependency on treated water, rainwater harvesting systems have been incorporated into both embun and emery projects at Kemensah. For the embun project, a centralised rainwater harvesting system has been implemented and for the emery project, each house has a 750L rainwater tank, a filter system and a garden tap.

3Elements, Seri Kembangan

GBI CERTIFICATION

The Green Building Index Accreditation Panel awarded 3Elements a provisional GBI certification in 2017 based on its design assessment submission. 3Elements scored high on aspects such as public transportation access, community services and connectivity, and avoiding environmentally sensitive areas.

FOSTERING ECONOMIC GROWTH

Creating employment opportunities, providing fair remuneration and sourcing locally contribute towards strengthening the local economy. With regard to job creation, we prefer to hire qualified and experienced local talent for leadership positions, given their familiarity with the cultural nuances prevalent in the country and expertise on how best to develop Titijaya's market presence. In fact, our senior management team is made up entirely of Malaysians.

In terms of wages and remuneration, the standard entry level wage we offer to both male and female employees is 80 per cent higher than the amount stipulated by Malaysia's Minimum Wage Order 2016. By providing fair remuneration, we are able to contribute towards the economic well-being of our employees. Moreover, at Titijaya, remuneration and career advancement on all counts is provided on the basis of merit, without any bias on the grounds of gender or race.

Given that within the real estate and construction industry, we have long-term capital expenditure horizons, we highly value the notion of resilience in the supply chain. Sourcing locally plays an important part in building this resilience. Not only does it provide economic opportunity for local suppliers and vendors, but also negates the environmental impact of sourcing from overseas. For projects such as H2O, one of the conditional clauses listed down by the local council for building approval explicitly states that 60 per cent of material needed for the development of the project should be sourced from Malaysia.

Through such measures, we aspire to bolster economic sustainability throughout our value chain and towards nation building.

BUILDING A SUSTAINABLE WORKFORCE AND COMMUNITY

The social aspect of sustainability includes but is not limited to matters relating to occupational health and safety, training and education, employee engagement, work-life balance, ethics and integrity, and community engagement. This section covers our efforts towards strengthening this aspect of sustainability.

OCCUPATIONAL HEALTH AND SAFETY

We have set up a committee that is dedicated to oversee and manage matters relating to occupational safety and health (OSH).

In April 2018, we appointed a third party to provide training for the development of an effective OSH system and this involved a one-day training programme titled *'OSH Awareness for Management Team'*, which was attended by 21 members of our management team. The training covered topics such as workplace safety, OSH legal requirements, training required, project safety management and initiatives such as Hazard Identification, Risk Assessment and Risk Control.

Given the nature of work, health and safety risks are higher during the construction phase of the project. In complying with the Occupational Safety and Health Act 1994 and to ensure safety aspects are adhered to throughout our supply chain, we have a safety clause in our contract agreement with the appointed contractor.

The contractors are each responsible for the safety aspects of their operations and accountable to the Department of Occupational Safety and Health for reporting safety statistics on a monthly basis. Every construction worker, without exception is required to have a CIDB green card in order to enter and work at the project site.

TRAINING AND EDUCATION

Titijaya is committed to the task of training and developing its employees for the purpose of attaining the degree of proficiency and the quality levels necessary to build a successful business. We provide on-the-job training, specialised courses (internal and external) and cross training towards employee skill and competency development. On a quarterly basis, we organise a planning programme to plan the training activities and address the training needs that have been identified by respective departments. The average training hours we invested in our employees in FYE 2018 are listed as per ensuring page, by employment category and gender.

	Employment Category	
Average Training Hours	Management	18
	Executive	15
	Non-Executive	4

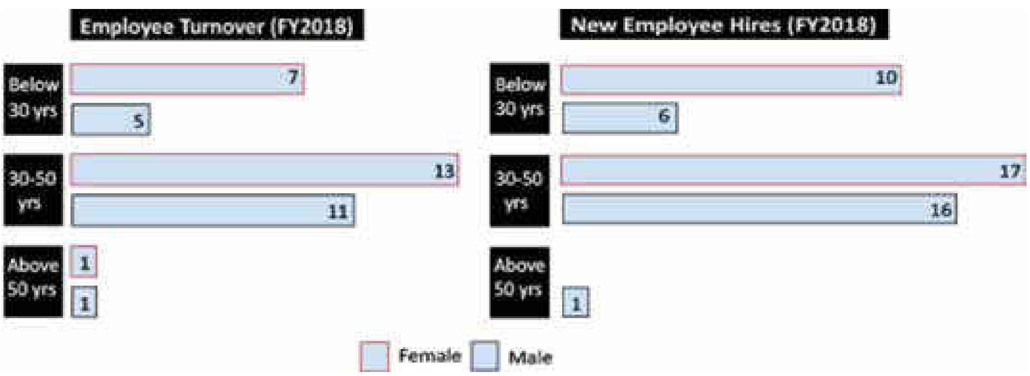
	Gender	
Average Training Hours	Female	23
	Male	14

ENGAGING OUR EMPLOYEES

Business success depends on having highly motivated employees. To ensure we have the right culture and foster an environment of accountability and empowerment, Titijaya promotes open and honest two-way communication and dialogue with its employees to gain insights necessary to address recurring or shared topics and issues. We have an open-door policy which encourages employees to speak freely with management about their job-related concerns.

Furthermore, we conduct an employment engagement and satisfaction survey annually, asking for employee feedback on a range of topics including employer-employee expectations, leadership and planning, corporate culture and communications, job satisfaction, benefits and career development opportunities. For each question in the survey, the employee has the option of responding strongly disagree, disagree, neutral, agree, strongly agree or not applicable.

In FYE 2018, the employee turnover rate was 33.3 per cent. The graphs below describe the distribution of employee turnover as well as new employee hires during the reporting period.



We conduct exit interviews with employees, once they have resigned before they leave the organisation. This engagement process is an opportunity for us to gain valuable information which can prove to be useful in all aspects of the work environment, including the work culture, day to day concerns, processes, issues around management style, workplace ethics and employee morale.

For the new joiners we have a buddy system, which is an onboarding and knowledge sharing method used to orient new employees. The buddy assigned to the new joiner is usually from the same department and gives support, encouragement and a point of contact for any questions the new joiner regarding work processes.

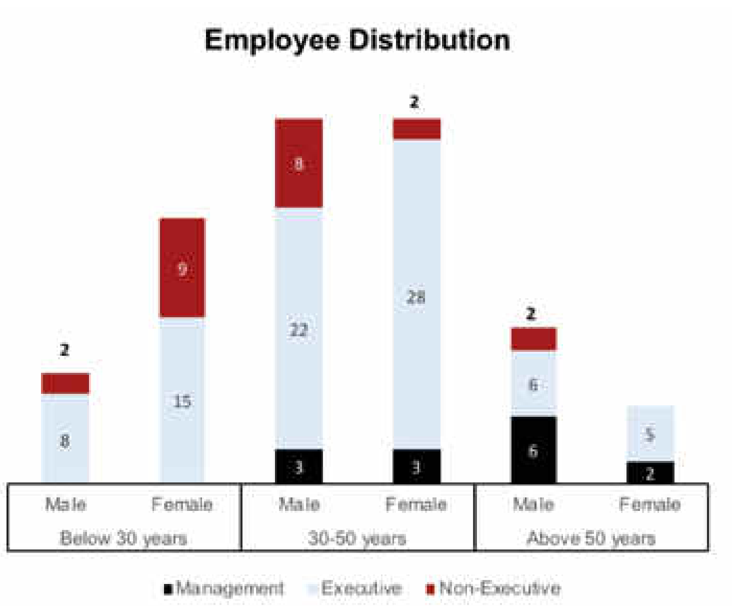
Every new employee is also given the Employee Handbook which comprises the Code of Conduct and Business Ethics, and details on matters relating to probation, benefits, allowances, leave of absence etc. We recognise the importance of work-life balance and provide sufficient leave for reasons including matrimony, paternity, maternity, bereavement and examination. Furthermore, we provide medical, dental and optical allowance.

Titijaya expects the highest standard of integrity from employees, management and directors and takes a serious view on wrongdoing of employees, management and directors, in particular with respect to their obligations to the Group's interests. This however necessitates disciplinary action in the event an employee fails to meet the necessary performance standards or has committed misconduct. Our Whistleblowing Policy is an internal channel designed to facilitate employees and members of the public to disclose any improper conduct, including matters relating to fraud, bribery, abuse of power, conflict of interest, theft or embezzlement. The Group will take appropriate action to protect the whistle-blower when he or she raises a concern in good faith. Furthermore, any party that retaliates against a whistle-blower may be subject to appropriate action, up to and including legal action, if applicable. During this reporting period, there were no cases raised through this grievance mechanism.

DIVERSITY AND INCLUSIVENESS

The Group is focused on achieving a more diverse workforce: attracting, recruiting and retaining people from a larger pool, thereby mirroring the diversity in society. This helps us build relationships with an increasingly diverse customer base, and boost innovation by leveraging the unique experiences and perspectives of all employees. The Group also prioritises achieving a more inclusive culture, in which every employee can reach their full potential.

As of 30 June 2018, the total number of employees at Titijaya was 121, of which 53 percent is made up of female employees and the remaining 47 per cent, male. The distribution of our workforce by age, gender and employment category is represented in the graph below.



We recognise employees for their longevity and tenure within the organisation. The Long Service Award is conferred to employees after they have completed 5, 10, 15 and 20 years at the organisation. In FYE 2018, we awarded 35 employees who have invested their talent and time with the organisation.

Milestone:	5 years	10 years	15 years	20 years
Number of Recipients:	19	11	3	2

COMMUNITY ENGAGEMENT

Through local community programmes, we share our resources and expertise to help build more resilient communities, adding value beyond our core business activity. The programmes identify and develop effective solutions to address social concerns and generate meaningful, positive outcomes in the communities of which we are an integral part.

In FYE 2018, we designed and constructed new washrooms for Sekolah Kebangsaan Taman Bukit Maluri, located in Kuala Lumpur. The intention of this project is to improve the sanitary conditions at the school. The school also needed some repair works on the existing sanitary facilities and floor tiles in the school hall, which we were able to fix for them.

CONCLUSION

Moving forward, we seek to strengthen our commitment to integrate sustainability throughout our business operation. By prioritising sustainability and adapting our portfolio to reflect the broader range of risks embedded in our operations, we plan to navigate the environmental, economic and social challenges presented by rapid urbanisation. While it is important to modernise to build a sustainable future, we also recognise the power of thinking laterally to harness the talent that we have at Titijaya and the opportunities available for sustainable growth within the local market.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors **("Board")** of Titijaya Land Berhad **("Titijaya" or "Company")** recognises the importance of good corporate governance and are committed towards upholding high standards of corporate governance for long-term sustainable business and corporate development, and to continuously protect and enhance shareholders' value.

The Board is pleased to present this Corporate Governance Overview Statement **("Statement")** to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year ended 30 June 2018. This overview summarises the application by the Company of the Principles and Recommendations of the Malaysian Code on Corporate Governance **("MCCG").**

The detailed explanation on the application of corporate governance practices are reported under the Corporate Governance Report which is available on the Company's website at www.titijaya.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD ROLES AND RESPONSIBILITY

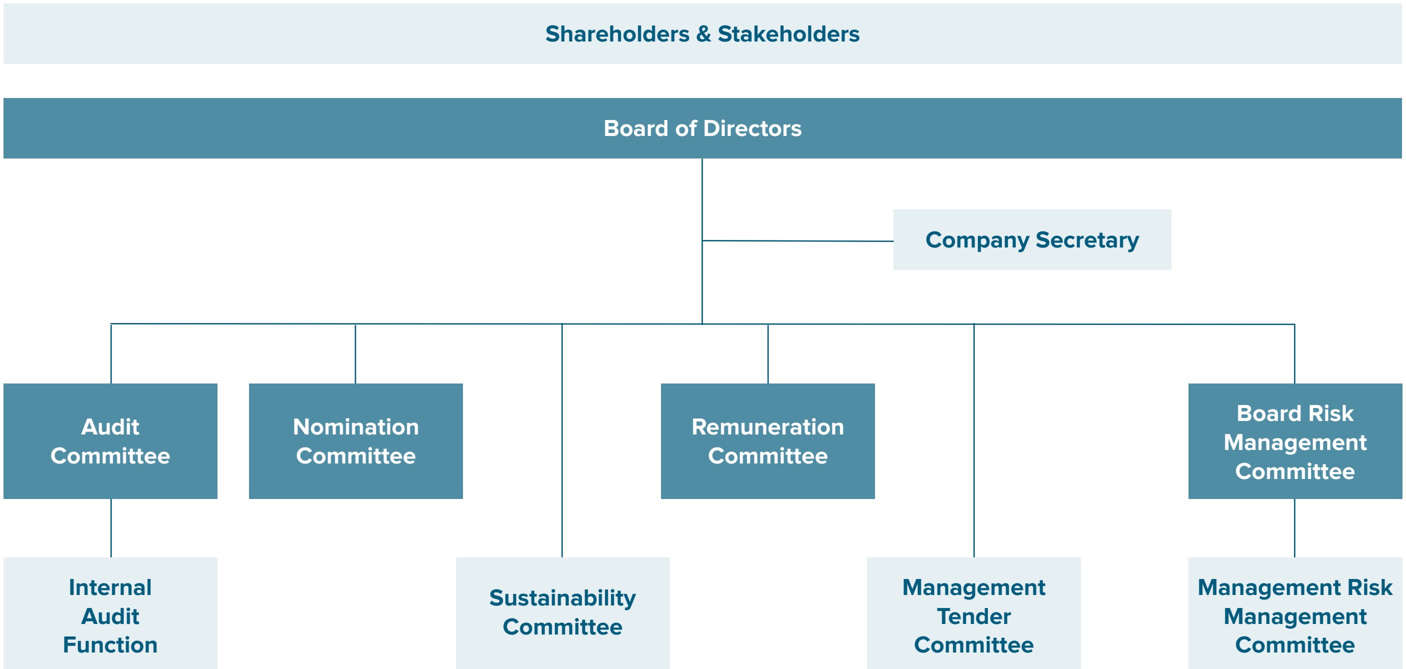
The Board leads the Group and plays a strategic role in overseeing the Group's corporate objective, directions and long-term goals of the business. The Board is responsible for oversight and overall management of the Company.

To ensure the effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the Audit Committee, Nomination Committee, Remuneration Committee and Board Risk Management Committee. Each of the Committees is entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective written Terms of Reference. The Chairman of the respective Committees shall report the outcome of their meetings to the Board. Minutes of all Board Committee meetings are circulated to the Board members so that they are kept abreast of proceedings and matters discussed at Board Committee meetings.

The Board is primarily entrusted with the responsibility of charting the direction of the Group and focuses mainly on strategies, financial performance and critical business issues, including the following areas:-

- Reviewing the Group's strategic action plans particularly promoting sustainability and policies;
- Overseeing the conduct of the Group's business to ensure that it is being properly managed;
- Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- Appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Succession planning;
- Developing and implementing investor relations programmes and shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group's system of internal control, risk management framework and management information systems, including systems for compliance with application laws, regulations, rules, directives and guidelines; and
- Responsible for the preparation of the Company's financial statements.

The reporting structure of the Company where the power of the Board is delegated to the relevant Board Committees and the Management of the Company, as depicted below:-



Independent Non-Executive Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined objectively, taking into perspective of the long-term interest of shareholders, other stakeholders and communities at large.

The Executive Directors take on primary responsibility for implementing the Group's business plans and managing the business activities.

Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subjected to the Board's approval. Key matters reserved for the Board's approval includes dividend, related party transactions, new ventures and investment, material acquisition and disposal of assets which are not in the ordinary course of business of the Company.

ROLES OF THE CHAIRMAN AND GROUP MANAGING DIRECTOR

The Board is led by Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor (Retired) as the Independent Non-Executive Chairman. Tan Sri Dato' Lim Soon Peng and Lim Poh Yit are the Group Managing Director and Deputy Group Managing Director of the Company, respectively.

The roles of the Chairman and the Group Managing Director are separately held by different individuals and the division of their responsibilities is clearly established, with each having distinct and clearly defined authority and responsibilities. This is to ensure there is an appropriate balance of roles, responsibilities and accountability at the Board level.

The Chairman plays an important leadership within the Group and is responsible for:-

- Setting the agenda for meetings of the Board and focus on strategic direction and performance
- Maintaining on-going dialogue and relationship of trust with and between the Directors and Management

- Ensuring clear and relevant information is provided to Directors in a timely manner
- Ensuring sufficient time is allowed for the discussion of complex or critical issues

The Board delegates the authority and responsibility of managing the day-to-day affairs of the Group to the Group Managing Director, and through him and subject to his oversight, to other Senior Management.

The Board recognises the crucial role and contribution played by Independent Non-Executive Directors. They represent the element of objectivity and independent judgement of the Board. This ensures that there is sufficient check and balance so that no one or particular group dominates the Board.

COMPANY SECRETARIES

The Board is supported by qualified Company Secretaries in carrying out its roles and responsibilities. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board policies and procedures and compliance with the relevant regulatory requirements, code of guidance and legislations.

The Company Secretary attends and ensures Board and Board Committee meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained at the registered office of the Company. Nevertheless the Board does not have any agreed procedure for Directors whether as a full Board or in their individual capacity, in furtherance of their duties to take independent professional advice at the Company's expenses, if necessary. Any need for professional advice normally comes under the purview of the Board who will deliberate on a consensual basis.

BOARD MEETING AND ACCESS TO INFORMATION

To ensure effective conduct of Board meetings, a structured formal agenda and Board meeting papers relating to the agenda including progress reports on operations, quarterly results of the Group and the Company, financial and corporate proposals and minutes of the Board Committees are circulated to all Directors prior to each Board meeting. The Directors are thus given sufficient time to peruse the matters that will be tabled at the Board meetings to enable them to participate in the deliberations of the issues to be raised and to make informed decisions.

Where a potential conflict arises in the Group's investments, projects or any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and the decision making process.

Where necessary, members of senior management and external advisers are invited to attend Board meetings to furnish additional insights and professional views on specific items to be tabled for the Board's consideration.

Minutes of the Board and Board Committee meetings are circulated to Directors for their perusal prior to confirmation of the Minutes at the following Board and Board Committee Meetings. The Directors may request for further clarification or raise comments on the Minutes prior to confirmation of the Minutes to be tabled at the respective Board Committee meetings as the correct records of the proceedings.

In exercising Directors' duties, the Board has access to all information within the Company, the advice and services of the Company Secretary and independent professional advice where necessary, at the Company's expense.

TIME COMMITMENT

The Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively, including adequate time to prepare for Board and Committee meetings and in joining visits to the Group's operational sites.

Board and Board Committee meetings are scheduled at the onset of the calendar year and an annual corporate calendar with an indication of the key business items for each meeting is circulated to all Directors, to facilitate the Directors' time planning.

The Board met five (5) times during the financial year ended 30 June 2018, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business direction of the Group, related party transaction and corporate governance matters. The Board also notes the decisions, recommendations and issues deliberated by the Board Committees through the minutes of these committees.

In the interval between Board meetings, any matter requiring urgent Board decision and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

The details of attendance of each Director for the financial year ended 30 June 2018 are as follows:-

Name of Directors	Number of Meetings Attended
Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*	5/5
Tan Sri Dato' Lim Soon Peng	5/5
Lim Poh Yit	5/5
Lim Puay Fung	5/5
Chin Kim Chung	5/5
Datuk Seri Ch'ng Toh Eng	5/5
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	4/5
Datuk Nozirah Binti Bahari *(Appointed on 25 September 2017)*	4/4

BOARD CHARTER

The Board Charter provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance.

The Board Charter is made available on the Company's website at www.titijaya.com.my and will be reviewed when necessary to ensure the Charter remains consistent with the Board's objectives, current law and practices.

CODE OF CONDUCT AND ETHICS AND WHISTLEBLOWING POLICY

The Board observes the Company Directors' Code of Ethics promulgated by the Companies Commission of Malaysia, which governs the underlying core ethical values and commitment to lay standards of integrity, transparency, accountability and corporate social responsibility in our behaviour in our business dealings.

In line with the Whistleblower Protection Act 2010, a Whistleblowing Policy has been established to allow employees, stakeholders, contractors and any individuals to disclose any misconduct or malpractice on a confidential basis so as to allow appropriate remedial action to be taken. The policy is also to reinforce the Group's commitment to its policies and values and to develop a culture of openness, accountability and integrity within the Group.

The policy can be viewed on the Company's website at www.titijaya.com.my.

STRATEGIES TO PROMOTE SUSTAINABILITY

The Board is mindful of the importance of building a sustainable business and is committed to the promotion of best practice principles in this regard. The Board recognises that enhancing sustainability is a long-term commitment and therefore takes into consideration of the environmental, social and governance impact when developing the corporate strategy.

The Group is committed to provide a safe workplace for its employees with emphasis on best practice in health, safety and environment and conducting its business in a way that is environmentally sound. The Group is also committed to protect the environment through conscientious efforts to ensure pollution levels are kept to a minimum in respect of its construction works. The Group also aims to eliminate all occupational injuries, prevent pollution at its source and optimises the use of natural resources.

BOARD COMPOSITION

The Board consists of nine (9) Directors, comprising three (3) Independent Non-Executive Directors, three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors and one (1) Alternate Director. This Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements **("MMLR")** of Bursa Malaysia Securities Berhad **("Bursa Securities"),** which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent. The profiles of each Directors are set out in the Directors' Profile in this Annual Report.

The Board consists of qualified individuals of different range of skills, experiences and backgrounds and the size of the Board is such that it facilitates the making of informed and critical decisions for the Group. The Executive Directors have direct responsibilities on the day-to-day business operations and frequently attend management meetings wherein operational details and other issues are discussed and considered.

The presence of Independent Non-Executive Directors provide guidance, independent views, advice and judgement in ensuring that the strategies proposed are discussed and examined. This provides a balance in the Board to safeguard the interest of minority shareholders and to ensure that high standards of conduct and integrity are maintained by the Group.

INDEPENDENCE

The Board recognises the importance of independence and objectivity in the decision-making process as advocated in the MCCG. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interests of the Company.

The Board via the Nomination Committee conducted an independent assessment of the Independent Directors. The Nomination Committee is satisfied with the results whereby all the Independent Directors fulfilled the criteria of "Independence" as prescribed under the MMLR of Bursa Securities.

TENURE OF INDEPENDENT DIRECTORS

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) year term, an Independent Director may continue to serve on the Board subject to the said Director's re-designation as a Non-Independent Director.

There is no Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years.

GENDER, ETHNICITY AND AGE GROUP DIVERSITY POLICIES

The Board is cognisant of the gender diversity recommendation promoted by the MCCG pertaining to the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the said recommendation. Presently, there are two (2) existing female Directors on the Board of the Company.

The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have a specific policy on setting target for female candidates in the workforce. The Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment.

The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regard to the benefits of diversity on the Board.

NOMINATION COMMITTEE

The Nomination Committee comprises entirely of Non-Executive Directors, the majority of whom are Independent Directors. The Independent Director is appointed as Chairman of the Nomination Committee. The Nomination Committee shall meet at least once a year or as and when deemed fit and necessary. The members of the Nomination Committee are as follows:-

Name	Designation	Directorship
Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*	Chairman	Independent Non-Executive Director
Datuk Seri Ch'ng Toh Eng	Member	Independent Non-Executive Director
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	Member	Non-Independent Non-Executive Director

The Nomination Committee is empowered by the Board to, amongst others, recommend to the Board, suitable candidates for new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the full Board for assessment and endorsement.

The Nomination Committee assesses the effectiveness of the Board and the Committees of the Board annually to ensure that the Board has an appropriate balance of skills, expertise and core competencies.

The Terms of Reference of the Nomination Committee are published on the Company's website at www.titijaya.com.my.

SELECTION AND APPOINTMENT OF BOARD, BOARD COMMITTEES AND DIRECTORS

Appointments of Directors

The Nomination Committee is responsible for making recommendations for any new appointments to the Board and its various Board Committees. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board.

All the Board members shall notify the Chairman of the Board prior to the acceptance of new Board appointment(s) in public and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction.

The Chairman of the Board shall notify the Board members before accepting any new directorships in public and public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction. The notification should include an indication of time that will be spent on the new appointment.

Re-election of Directors

In accordance with the Company's Articles of Association **("Articles")**, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting **("AGM")**. The Articles also provide that at least one third (1/3) of the Directors is subject to re-election by rotation at each AGM, provided that the Directors including the Managing Director shall retire at least once in every three (3) years but shall be eligible for re-election.

The Articles further provide that all Directors who are appointed during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment.

Annual Assessment

The Nomination Committee has a formal assessment mechanism to assess the effectiveness of the Board as a whole and the contribution of each individual Director.

The Board through its Nomination Committee conducts an annual review of its size and composition to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goals.

During the financial year ended 30 June 2018, the Nomination Committee held one (1) meeting with full attendance of all its members, to deliberate the following matters:-

- Review of the Directors who were due for re-election by rotation;
- Reviewed the effectiveness and composition of the Board as a whole;
- Evaluated the performance of the Board and Board Committees;
- Reviewed the effectiveness of the Board as a whole and of the Board Committees;
- Reviewed the terms of office and performance of the Audit Committee and each of its members; and
- Assessment of the independence of Independent Directors.

Based on the results of the annual assessment, the Nomination Committee has made the following observations:-

- the current size and composition of the Board is appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high caliber, credibility and with necessary skills and qualifications to enable the Board to discharge its responsibility effectively.
- all Board Committees members have discharged their duties with care and diligence according to the respective Terms of Reference of the Remuneration Committee and Audit Committee.

The Board is mindful of the recommendation of the MCCG that the Board must comprise at least half of Independent Directors.

The Board is actively scouting for two (2) additional Independent Directors in order to ensure at least half of the Board comprises Independent Non-Executive Directors.

TRAINING

The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. The Board shall ensure compliance with the Mandatory Accreditation Programme as required by Bursa Securities for the newly appointed Directors.

Newly appointed Directors are invited to attend an in-house orientation programme which is usually conducted after their effective appointment date.

Training is available to all Directors on an ongoing basis and the Board of Directors will evaluate and determine the training needs of its Directors. Directors will undergo relevant training programmes to further enhance their knowledge on a continuous basis in compliance with the Listing Requirements of Bursa Securities.

During the current financial year, the Directors have attended appropriate training programmes conducted by external experts to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast of developments in the marketplace. The training programmes that the Directors had attended are as follows:-

Name of Directors	Training / Courses Attended
Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*	• Aligning Strength Towards a Greater Affin
Tan Sri Dato' Lim Soon Peng	• 7th Malaysia-China Entrepreneur Conference
Chin Kim Chung	• National Tax Conference 2017 • Comprehensive GST Compliance through a Structured Reviewed • Mastering GST Audits • Insolvency Conference 2017 - Building the Bridge Towards Better Corporate Recovery • 2018 Budget Seminar • National GST Conference 2018 • MyGCAP Reviewer Course
Datuk Seri Ch'ng Toh Eng	• Briefing on Company Remuneration policy • Green Port Congress • Looking Beyond Market Volatility, Navigating Uncertainties with Seizing Opportunities
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	• Latest Amendments to Listing Requirements
Datuk Nozirah Binti Bahari	• Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) & Regulatory Compliance Training for Board of Directors & Senior Management • Malaysian Financial Reporting Standards (MFRS) 9 • BNM FIDE FORUM Dialogue : Managing Cyber Risks in Financial Institutions • FIDE FORUM - Navigating Volatility, Uncertainty, Complexity and Ambiguity (VUCA) World • Internal Rating Based (IRB) Approach • Singapore's New Insolvency and Restructuring Regime • 5th BNM-FIDE Forum Annual Dialogue with Deputy Governor of BNM • Cradle Buzz Conference 2018 • Islamic Finance Beyond Banking • Cryptocurrency, Blockchain and Beyond: A Cautionary Tale • New Corporate Liability Landscape Pursuant to MACC Act 2018 • Global Islamic Finance Forum: Value Based Intermediation: Beyond Profit • Malaysia – A New Dawn Conference • Conflict of Interest Management and Insider Trading

Although Lim Poh Yit, Lim Puay Fung and Adrian Cheok Eu Gene have not been able to attend a structured training programme during the financial year under review due to their personal exigencies, they continued to gain updates through the briefings by the Company Secretary, Internal and External Auditors during the quarterly meetings as well as communications with other Directors as well as the daily work exposures.

The Directors will continue to participate in future professional development programme from time to time as necessary to enable them to carry out their roles and duties effectively.

REMUNERATION POLICIES

Remuneration Committee

The Remuneration Committee comprises 1 Independent Non-Executive Director, 1 Non-Independent Non-Executive Director and 1 Executive Director. The members of the Remuneration Committee are as follows:-

Name	Designation	Directorship
Datuk Seri Ch'ng Toh Eng	Chairman	Independent Non-Executive Director
Chin Kim Chung	Member	Non-Independent Non-Executive Director
Tan Sri Dato' Lim Soon Peng	Member	Group Managing Director

The Board is aware of the recommendation of the MCCG that the Remuneration Committee should only consist of Non-Executive Directors and a majority of them must be Independent Directors. The Board will review the composition of the Remuneration Committee to be in line with the MCCG.

The Terms of Reference of the Remuneration Committee are available on the Company's website at www.titijaya.com.my.

Directors' Remuneration

The Board has instituted a set of policies and procedures to govern the remuneration of Directors and Senior Management. The policies and procedures serve as guideline for the Board in remunerating Directors and Senior Management with a view to attract, retain and motivate talented and high caliber individuals. The remuneration policy of Directors and Senior Management is available for reference at the Company's website at www.titijaya.com.my.

During the financial year ended 30 June 2018, the Remuneration Committee met two (2) times with full attendance of all its members, to deliberate the following matters prior to making recommendations to the Board for approval:-

- Reviewed the bonus payment for the Executive Directors of the Company;
- Reviewed the existing employment terms and remuneration package of the Executive Directors of the Company;
- Reviewed the benefits-in-kind for the Directors of the Company;
- Reviewed the Directors' fees for the Directors of the Company; and
- Reviewed the bonus payment for employees of the Group.

The details of the aggregate remuneration (including benefits-in-kind) of the Directors of the Group and the Company who served during the financial year ended 30 June 2018 are as follows:-

Received from the Company

In Ringgit Malaysia	Salaries, Bonus and Other Emoluments	Allowance	Fees	Total
Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*	-	10,000	69,000	79,000
Tan Sri Dato' Lim Soon Peng	-	-	41,400	41,400
Lim Poh Yit	-	-	41,400	41,400
Lim Puay Fung	-	-	41,400	41,400
Datuk Nozirah Binti Bahari *(Appointed on 25 September 2017)*	-	7,000	-	7,000
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	-	8,500	41,400	49,900
Chin Kim Chung	-	13,000	41,400	54,400
Datuk Seri Ch'ng Toh Eng	-	12,000	46,000	58,000
Adrian Cheok Eu Gene *(Alternate Director to Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir)*	-	-	-	-

Received on Group Basis

In Ringgit Malaysia	Salaries, Bonus and Other Emoluments	Allowance	Fees	Total
Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*	-	10,000	69,000	79,000
Tan Sri Dato' Lim Soon Peng	993,669	-	41,400	1,035,069
Lim Poh Yit	953,958	-	41,400	995,358
Lim Puay Fung	742,100	-	41,400	783,500
Datuk Nozirah Binti Bahari *(Appointed on 25 September 2017)*	-	7,000	-	7,000
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	-	8,500	41,400	49,900
Chin Kim Chung	-	13,000	41,400	54,400
Datuk Seri Ch'ng Toh Eng	-	12,000	46,000	58,000
Adrian Cheok Eu Gene *(Alternate Director to Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir)*	-	-	-	-

The remuneration of the top 5 Senior Management in each remuneration band for the financial year ended 30 June 2018 is as follows:-

Remuneration Bands (RM)	Number of Senior Management (Excluding Executive Directors)
50,000 and below	-
50,001 – 100,000	2
100,001 – 200,000	-
200,001 – 300,000	-
300,001 – 400,000	3

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The role of the Audit Committee in relation to the External Auditors is set out in the Audit Committee Report of this Annual Report. The Company has always maintained a formal and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The Group's independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements.

The External Auditors have an obligation to bring any significant defects in the Group's system of control and compliance to the attention of the Management; and if necessary, to the Audit Committee and the Board. This includes the communication of fraud.

The Audit Committee undertakes an annual assessment of the suitability and independence of the External Auditors. The External Auditors are invited to attend the Audit Committee meeting twice a year to discuss their audit plan, audit findings and the Company's financial statements. At least one of these meetings is held with the External Auditors without the presence of the management. The Audit Committee also meets with the External Auditors additionally whenever it deems necessary. In addition, the External Auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of the Annual Report.

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board is committed in providing a balanced, clear and understandable assessment of the financial position, performance and prospects of Titijaya Group in the disclosures made to the shareholders and the regulatory authorities.

The Board takes responsibility to ensure that the financial statements of the Company present a balanced and meaningful assessment of the Group's position and prospects and to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable accounting standards in Malaysia.

The Board, assisted by the Audit Committee, oversees the Group's financial reporting process and the information for disclosure to ensure accuracy, adequacy and completeness.

The membership of the Audit Committee, their responsibilities and main works carried out for the financial year ended 30 June 2018 are set out in the Audit Committee Report of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

RISK MANAGEMENT FRAMEWORK

The Board fulfils its responsibilities in the risk governance and oversight functions through its Board Risk Management Committee who reviews the effectiveness of risk management framework and to manage the overall risk exposure to the Group. The Board Risk Management Committee was formed on 30 May 2018 to assist the Board in overseeing the risk management matters in line with the step-up practice set out in the MCCG.

The Board Risk Management Committee assesses and monitors the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls are reviewed by the Audit Committee through the work performed by the internal audit function for the Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent consulting firm, to assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit function has prepared a risk-based internal audit plan and incorporated a holistic schedule of assignments to provide independent assurance on the system of risk management and safeguarding of the Group's assets. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee.

During the financial year ended 30 June 2018, internal audit reviews were carried out and the findings of the reviews, including the recommended management action plans were presented directly to the Audit Committee. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The information on the Group's risk management and internal control is presented in the Statement of Risk Management and Internal Control as set out of this Annual Report.

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

COMMUNICATION WITH STAKEHOLDERS

Corporate Disclosure Policy

The Company recognises the value of transparent, consistent and coherent communications with the investing community consistent with commercial confidentiality and regulatory considerations.

The Company is committed to ensure that communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities with the consultation of the Company Secretary, advisers and/or other service providers.

The Company's website incorporates an Investor Relations section which provides all relevant information of the Company and is accessible by the public. The Investor Relations section enhances the Investor Relations function by including all announcements made by the Company.

Leverage on Information Technology for Effective Dissemination of Information

The Board has established a dedicated section for corporate information on the Company's website where information on the Company announcements, financial information and stock information can be accessed.

CONDUCT OF ANNUAL GENERAL MEETINGS

Encourage Shareholder Participation at General Meeting

The Board and Management convey information about the Company's performance, corporate strategy and other matters affecting shareholders and investors through timely dissemination of information which include distribution of annual reports and relevant circulars and issuance of press releases. Enquiries by shareholders are dealt with promptly as practicable as possible.

Annual General Meeting

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and annual reports are sent out to shareholders at least 28 days before the date of the meeting. At the meeting, Management makes a presentation on the year's financial results and business activities.

At each AGM, the Board encourages shareholders to participate in the question and answer session whereby the Directors are available to discuss aspects of the Group's performance and its business activities. The Chairman responds to shareholders' questions during the meeting.

An explanatory statement to facilitate full understanding and evaluation of the issues involved will accompany items of special business included in the notice of the meeting.

Poll Voting

Pursuant to the MMLR, any resolution set out in the notice of any general meeting, or in any notice of resolution which may be properly moved and is intended to be moved at any general meeting, is voted by poll. The Company shall be conducting poll voting for all resolutions set out in the notice of general meeting.

The Company will explore providing facilities for poll voting via electronic means to expedite verification and counting of votes.

Effective Communication and Proactive Engagement

The Board believes that a constructive and effective relationship with all investors is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to the investor community and shareholders.

During the last AGM, the Group Chief Financial Officer presented an overview and explained the operational and financial performance of the Group, its corporate strategies, trends and the outlook for the future. Shareholders present at the meeting had the opportunity to enquire on the Group's performance and operations and were invited to ask questions during the question and answer session.

Further, apart from announcements and public statements required by Bursa Securities, the Company issues press releases and conducts media and analysts briefings in conjunction with the release of the Group's quarterly and annual financial results announcements as deemed fit.

AUDIT COMMITTEE REPORT

COMPOSITION

CHAIRMAN

Datuk Nozirah Binti Bahari
(Independent Non-Executive Director)

MEMBERS

Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor (Retired)
(Independent Non-Executive Director)

Datuk Seri Ch'ng Toh Eng
(Independent Non-Executive Director)

Chin Kim Chung
(Non-Independent Non-Executive Director)

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee set out the composition, proceedings of meeting, authority, roles and responsibilities of the Audit Committee, are available on the Company's corporate website at www.titijaya.com.my.

MEETINGS

Five (5) Audit Committee Meetings were held during the financial year ended 30 June 2018. The details of attendance of each member are as follows:-

Name of Member	Meeting Dates					
	28.08.2017	12.10.2017	29.11.2017	27.02.2018	30.05.2018	Total
Datuk Nozirah Binti Bahari *(Appointed on 25 September 2017)*	-	✓	✓	✓	✓	4/4
Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*	✓	✓	✓	✓	✓	5/5
Datuk Seri Ch'ng Toh Eng	✓	✓	✓	✓	✓	5/5
Chin Kim Chung	✓	✓	✓	✓	✓	5/5

The Group Chief Financial Officer was invited to all Audit Committee meetings to facilitate direct communications and to provide clarification on financial reports. Minutes of each meeting were recorded and tabled for confirmation at the next Audit Committee meeting and subsequently presented to the Board for notation.

Datuk Nozirah, the Chairman of the Audit Committee briefed the Board on matters of significant concern discussed during the Audit Committee Meeting held prior to the Board Meeting. The applicable recommendations of the Audit Committee were presented by the Board Meeting's Chairman at subsequent Board Meeting for the Board's approval.

SUMMARY OF THE WORK OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR

The work undertaken by the Audit Committee in the discharge of its functions and duties for the financial year ended ("FYE") 30 June 2018 is summarised as follows:-

A. FINANCIAL REPORTING

(i) FYE 30 June 2017

(a) On 28 August 2017, the Audit Committee reviewed and recommended the unaudited fourth quarterly financial results for the period ended 30 June 2017 at its meeting, prior to deliberation and approval by the Board.

(b) The Audit Committee at its meeting held on 12 October 2017, reviewed the Draft Audited Financial Statements of the Group and Company for FYE 2017, and recommended the same for the Board's approval.

(ii) FYE 30 June 2018

(a) The Audit Committee reviewed the unaudited first, second, and third quarterly financial results for the respective periods ended 30 September 2017, 31 December 2017, and 31 March 2018 at the meetings held on 29 November 2017, 27 February 2018 and 30 May 2018 respectively.

(b) The Audit Committee at its meeting held on 29 August 2018, reviewed and recommended the unaudited fourth quarterly financial results for the period ended 30 June 2018 to the Board for approval.

(c) On 10 October 2018, the Audit Committee having reviewed the Draft Audited Financial Statements of the Group and Company for FYE 30 June 2018 at its meeting, recommended the same to the Board for approval.

The Audit Committee carried out the review of the quarterly results and annual financial statements to ensure that they were prepared in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

B. EXTERNAL AUDIT

(i) FYE 30 June 2018

(a) On 30 May 2018, the Audit Committee reviewed the Audit Plan for FYE 30 June 2018 prepared by external auditor, Messrs Baker Tilly Monteiro Heng (BTMH), outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud consideration and the risk of management override, and also the new and revised auditors reporting standards.

(b) On 30 May 2018, BTMH confirmed that they will continuously comply with the relevant ethical requirements regarding independence with respect to the audit of the financial statements of the Group and Company for FYE 30 June 2018 in accordance with the International Ethics Standards Board for Accountants, Code of Ethics for Professional Accountants and the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

(c) On 30 May 2018, the Audit Committee discussed with BTMH the scope of work, key areas of audit emphasis, audit approach, and audit timetable before the commencement of the annual statutory audit for FYE 30 June 2018.

The Audit Committee was briefed on the developments in financial reporting standards and the adoption of the new Malaysian Financial Reporting Standards (MFRS) Framework. The Group and the Company shall apply the MFRS Framework in the preparation of the financial statements for the financial year ending 30 June 2019, particularly, the following three new MFRS:-

- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers
- MRFS 16 Leases

The External Auditors are engaged to provide advisory services in the implementation of MFRS 15. The technical team from BTMH has commenced their work to assist the Management's impact assessment of the adoption of the new MFRS Framework.

(d) The Audit Committee had one (1) private session with BTMH without the presence of Management staff and the Executive Board members on 30 May 2018. BTMH did not highlight any private issues to be brought for the Audit Committee's attention.

(e) On 29 August 2018, the Audit Committee deliberated on the Audit Review Memorandum with BTMH at its meeting with regard to the significant accounting and audit issues arising from the statutory audit of the Group and the Company for FYE 30 June 2018.

(f) During the presentation of the Audit Review Memorandum, the internal control weaknesses which were identified by BTMH during their course of audit of the Group together with the Management's comments, were highlighted for the Audit Committee's attention.

(g) During the review of the Draft Audited Financial Statements of the Group and Company for FYE 30 June 2018 at its meeting on 10 October 2018, the Audit Committee considered the summary of audit adjustments identified during the course of audit and agreed by the Management to be adjusted in the financial statements for FYE 30 June 2018, to ensure consistency of accounting policies with those adopted by the Group.

BTMH presented a summary of audit adjustments identified during the course of the audit and agreed by the Management to be passed to the financial statements for FYE 30 June 2018. The Audit Committee was also briefed on the analysis of uncorrected audit misstatements which did not have a material impact to the financial statements for FYE 30 June 2018.

C. INTERNAL AUDIT

(a) Reviewed the Internal Audit Strategy Document of the internal audit function presented by the Internal Auditors to ensure adequate scope and comprehensive coverage of the activities of the Group.

(b) Considered the findings of internal audit and Management's responses thereon and where relevant, recommended appropriate actions.

(c) Noted the corrective actions on outstanding audit issues and follow-up actions to be taken by either the Internal Auditors or the Management to ensure the key risks and control lapses have been addressed and rectified.

During the financial year under review, the Internal Auditors had conducted the audit activities as per the approved audit plan and presented their Internal Audit reports on 28 August 2017, 27 February 2018, 30 May 2018 and 29 August 2018 respectively to the Audit Committee.

The Audit Committee had one (1) private session with the Internal Auditors without the presence of Management staff and the Executive Board members on 29 August 2018. Internal Auditors did not highlight any significant internal audit finding to be brought for the Audit Committee's attention.

Areas covered by the Internal Audit included the assessment of internal control implemented by Management in managing risks associated with the operating processes as listed below:-

- Project Development and Project Management
- Health, Safety and Environment Management
- Sales and Marketing
- Property and Leasing Management
- Strategic Management and Business Development
- Human Resources
- Financial Management
- Information Technology
- Administration

Summary reports which provided status updates of the implementation of management action plans on the findings reported in the Internal Audit reports for all the previous audit cycles were presented to the Audit Committee.

D. RISK MANAGEMENT

On 12 October 2017 and 27 February 2018, the Audit Committee reviewed the status report on Enterprise Risk Management and summary of the Management-level Risk Management Committee ("MRMC") activities carried out during the financial year as presented by Management.

The MRMC re-visited all the existing risks of the Risk Register to identify any relevant inherent and emerging new risks and assess the adequacy of actions taken to mitigate the risks.

For the MRMC and Internal Auditors to liaise closely and have a clear understanding of each other's work and plan their work on the same risk framework, finalised minutes of the MRMC and status reports on Enterprise Risk Management were furnished to the Internal Auditors. Arrangements are also in place for the MRMC and Internal Auditors to share information on a regular basis.

On 30 May 2018, the Board Risk Management Committee **("BRMC")** was formed to assist the Board in overseeing the risk management matters in line with the step-up practice set out in the Malaysian Code on Corporate Governance. The BRMC took over the risk oversight role previously undertaken by the Audit Committee.

E. RELATED PARTY TRANSACTIONS

(a) Reviewed the quarterly report on recurrent related party transactions for compliance with both in-house procedures and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(b) Reviewed the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to its approval by the Board.

F. OTHER MATTERS

(a) Reviewed the Statement to Shareholders in relation to the proposed renewal of authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company, prior to the submission to the Board for approval.

(b) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control, prior to submission to the Board for consideration and inclusion in the Annual Report of the Company.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional services firm, Axcelasia Columbus Sdn. Bhd., which reports directly to the Audit Committee.

The Audit Committee has full access to the outsourced Internal Auditors and reports from them on all internal audits performed. The main role of the internal audit function is to carry out independent assessments of the adequacy and effectiveness of the Group's internal control systems in anticipation of any potential risk areas within key business processes of the Group.

During the financial year ended 30 June 2018, internal audit reviews were carried out in accordance with the approved internal audit plan. Representatives from the outsourced Internal Auditors led the role of the internal audit functions of the Group (referred to as the **"IA Team"**) and conducted its internal audit visits based on the approved Internal Audit Plan **("IA Plan")**. Any significant changes to the IA Plan will be referred to the Audit Committee for approval prior to the commencement of the internal audit.

In developing the IA Plan, the IA team will:-

- perform a risk assessment through review of documents, interviews with key management personnel and representatives from the Audit Committee to identify and highlight risks and concerns of Management and members of the Audit Committee.
- identify auditable areas and risk significance of such auditable areas.
- develop an audit plan focusing on compliance, efficiency and effectiveness.

For each internal audit visit, the IA Team will perform the following and provide Management with periodic progress updates as and when requested, and meet with Management at the conclusion of each visit to review the results: -

- understand the process, key performance indicators, risks involved and controls in place through interviews with various personnel, observations and review of Management reports and other documents such as corporate policies, procedures and guidelines before summarising key process risks and control design.
- evaluate control design effectiveness and discuss observations with the Management.
- develop control testing programmes.
- conduct testing programs, analyse root causes of findings and identify improvement opportunities.
- discuss issues and improvement opportunities with process owners.
- summarise issues and recommend action plans.

The total costs incurred for the internal audit function of the Group during the financial year ended 30 June 2018 amounted to RM60,000 (FYE 2017: RM80,992.70), exclusive of Goods and Services Tax and disbursements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control by the Board of Directors ("Board") on the Group is made pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Malaysian Code on Corporate Governance ("MCCG").

This Statement outlines the nature and scope of risk management and internal control of the Group during the financial year ended 30 June 2018 and covers all Group's operations except for associate companies as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines").

BOARD'S RESPONSIBILITIES

The Board recognises and affirms its overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate risk and control framework as well as the review of its effectiveness, adequacy and integrity. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of the annual report and is subject to review by the Board.

The Board is assisted by the Audit Committee in evaluating, assessing and reviewing the adequacy of the Group's system of risk management and internal control.

The key features of the risk management and internal control systems are described below.

RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

The Group has in place a database of risks and controls information captured in the format of risk registers. Key risks of major business units are identified, assessed and categorised to highlight the source of risk, their impacts and the likelihood of occurrence. Risk profiles for the major operating business units are presented to the Audit Committee and Board for deliberation and approval for adoption. Action plans to address key risks were developed and their status of implementation was reported to the Audit Committee and Board of Directors.

The risk profile of the major operating business units of the Group are being monitored by its respective operating department. The risks identified for the Group were considered in formulating the strategies and plans that were approved and adopted by the Board.

RISK MANAGEMENT FRAMEWORK

On 30 May 2018, the Board has established the Board Risk Management Committee ("BRMC") in line with the step-up practice set out in the MCCG. The BRMC which comprises a majority of Independent Non-Executive Directors, plays a more focused role in the direction and oversight of the Group's risk management framework and policies.

The composition of the BRMC is as follows:-

Name	Designation	Position in the Committee
Laksamana Tan Sri Dato's Setia Mohd Anwar Bin Hj. Mohd Nor *(Retired)*	Independent Non-Executive Director	Chairman
Datuk Nozirah Binti Bahari	Independent Non-Executive Director	Member
Datuk Seri Ch'ng Toh Eng	Independent Non-Executive Director	Member
Chin Kim Chung	Non-Independent Non-Executive Director	Member
Lim Poh Yit	Deputy Group Managing Director	Member

As part of the framework, the Management-level Risk Management Committee ("MRMC"), chaired by the Deputy Group Managing Director, has been established to oversee the following:-

- Identifying and communicating to the Board, critical risks the Group faces, their changes and Management's action plans to manage the risks.
- Performing risk oversight activities and reviewing the risk profile of the Group as well as organisational performance.

- Aggregating the Group's risk position and half-yearly reporting to the Audit Committee and ultimately to the Board on risk situation and status.
- Ensuring the Management of the Company integrates the necessary risk management processes into all business processes to mitigate the identifiable risk.

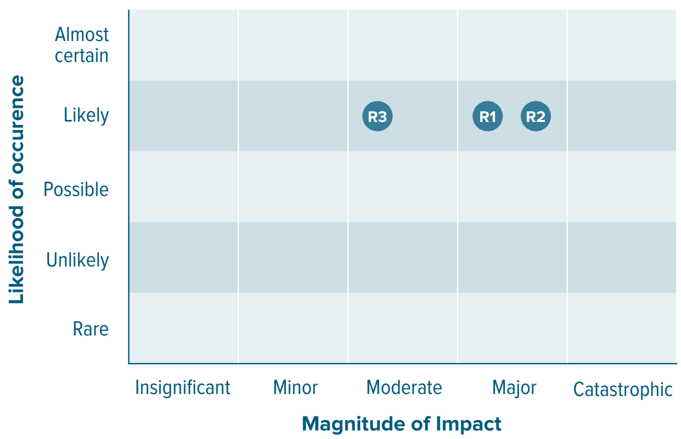
The MRMC meets periodically to assess and evaluates risks that may impede the Group from achieving its strategic and operational objectives, as well as develop action plans to mitigate such risks.

During the financial year under review, the result of the risk updates was deliberated at the MRMC meetings, and the updated risk profile was used as one of the basis to develop a risk-based internal audit plan for the financial year ended 30 June 2018, which was approved by the Audit Committee.

The Audit Committee has undertaken a half-yearly review on the results of risk updates presented by the MRMC, with deliberation on causes, existing controls, impact, and actions planned to address the top risks of the organisation. Result of the risk review was then reported to the Board for endorsement and approval.

Key risks of the group were assessed and recorded in the risk profile for continuous monitoring (see table below). Being in the property and project development businesses, it is inherent that the Group is facing with the key risks such as project progress challenges, product quality expectation and customer relationship; and etc.

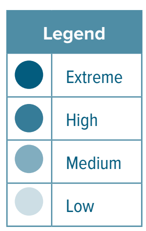
The Board and Management have formulated strategy and plans to address the following key risks, among others are:



Risk	Specific Risk	Management Strategy
R1	Project Progress Challenges	• Close monitoring on progress report and contractor performance. • Client- consultant meeting and site meeting with contractor to discussion progress and resolve issues faced.
R2	Low and Slow Sales Response	• Joint discussion and strategy development with consultant, advertising agencies, event organizer to strategies product launches. • Perform feasibility studies such as market survey and economic condition to have better understanding on market needs.
R3	Customer Relationship	• Dedicated team is assigned to manage customer expectation.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.



There is a comprehensive budgeting system that requires preparation of the annual budget by all departments. The annual budget which contains financial, operating targets and performance indicators are reviewed and approved by the Deputy Group Managing Director together with the Senior Management before being presenting to the Board.

Issues relating to the business operations are highlighted to the Board's attention during Board meetings. Further independent assurance is provided by the Audit Committee. The Audit Committee reviews internal control matters and update the Board on significant control gaps for the Board's attention and action.

The other salient features of the Group's systems of internal controls are as follows:-

- Quarterly review of the financial performance of the Group by the Board and the Audit Committee;
- Defined organisation structure and delegation of responsibilities;
- Limits of Authority (LOA) matrix that clearly outlines Senior Management limits and approval authority across various key processes;
- Operations review meetings are held by the respective departments to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- Adoption of Whistle Blowing Policies; and
- Code of conduct was communicated to all employees of the Group.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm, as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective. The internal audit activities of the Group is carried out according to an annual audit plan approved by the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on risk profile of the Group and significant risks identified. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal controls, and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments are reported periodically to the Audit Committee.

The internal audit reports are reviewed by the Audit Committee and forwarded to the Senior Management so that any recommended corrective actions could be implemented. The Senior Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame.

A total of RM60,000 excluding Goods and Services Tax and disbursements was spent on internal audit activities for the financial year ended 30 June 2018.

INTERNAL CONTROL FRAMEWORK

The key elements of the Group's internal control framework are described below:-

(a) Integrity and ethical values

The Board believes ethical corporate culture begins from the top which the control environment sets the tone for the Group by providing fundamental discipline and structure.

- **Code of Ethics and Conduct**
  The Board has set the tone at the top for corporate behavior and corporate governance. All employees of the Group shall adhere to the Code of Ethics and Conduct of the Group which sets out the principles and standard to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties.

- **Whistle Blowing Policy and Procedure**
  The Board has formalised a set of Whistle Blowing Policy and Procedures to provide an avenue for stakeholders of the Company to raise concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as we'll as other malpractices. The Whistle Blowing Policy and Procedures set out the protection accorded to whistleblowers who disclose such irregularities in good faith.

(b) Limits of authority and responsibility

Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant terms of reference, organisational structures and appropriate authority limits, including matters requiring the Board's approval. The corporate structure further enhances the ability of each subsidiary or division, as the case may be, to focus on its assigned core or support functions within the Group.

(c) Planning, monitoring and reporting

The following internal control processes have been deployed by the Group:-

- **ISO 9001:2008 Accreditation**
  The Construction Division of the Group has been accorded full ISO 9001:2008 accreditation in line with the Group's quest in consistently improving the strength of its internal system;

- **Documented Policies and Procedures**
  Internal policies and procedures, which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group, are maintained and subject to review as considered necessary;

- **Performance Monitoring and Reporting**
  The Group's management team monitors and reviews financial and operating results, including monitoring and reporting of performance against the operating plans. The management team formulates and communicates action plans to address areas of concern;

- **Financial Performance Review**
  The preparation of periodic and annual results and the state of affairs of the Group are reviewed and approved by the Board before releasing of the same to the regulators whilst the full year financial statements are audited by the External Auditors before their issuance to the regulators and shareholders;

REVIEW BY THE BOARD

The Board considered the adequacy and effectiveness of the risk management and internal control process in the Group during the financial year.

The Board's review of risk management and internal control effectiveness is based on information from:-

- Senior Management within the organisation responsible for the development and maintenance of the risk management and internal control framework;
- Self-assessments of each department and functional controls by respective Senior Management to complement the above input in providing a holistic view of the Group's risk and control framework effectiveness; and
- The work by the internal audit function which submits reports to the Audit Committee together with recommendations for improvement.

The Audit Committee will address and monitor the implementation of key risk action plans and any internal control weakness and ensure continuous process improvement.

The Board also received assurance from the Deputy Group Managing Director (DGMD) and the Group Chief Financial Officer (GCFO) of the Company that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

The Board considers the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business and operating environment. The Board and Management will continue to take measures to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

For the financial year under review, the Board is satisfied that the system of internal controls was satisfactory and has not resulted in any material loss, contingency or uncertainty.

The above statement is made in accordance with the resolution of the Board dated 31 October 2018.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Securities' Listing Requirements and pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (Revised) issued by the Malaysian Institute of Accountants, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 30 June 2018.

AAPG 3 (Revised) does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls of the Group.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

a. A renouncement right issue of irredeemable convertible preference shares ("ICPS") at either 10 ICPS to be converted into 1 new TLB share or a combination of 1 ICPS and cash payment of RM1,486 for 1 new TLB's share at an issue price of RM0.165 per ICPS has been completed with the listing of 614,999,899 ICPS on Main Market of Bursa Securities on 04 October 2017. The gross proceeds raised from ICPS was RM101,474,983 and the current utilisation status is set out below:-

Purpose	Proposed Utilisation	Actual Utilisation	Balance	Time frame
	RM'000	RM'000	RM'000	(from the listing date)
Property development expenditure	70,825	75,375	(4,550)	Within 24 months
Partial repayment of banking borrowing	30,000	25,450	4,550	Within 12 months
Estimated expenses for the Rights Issue of ICPS	650	650	-	Within 1 month
Total Proceed	**101,475**	**101,475**	**-**	**-**

b. On 10 November 2017, the Company had established an Islamic Commercial Papers ("ICP") programme of up to RM150.0 million in nominal value. During the financial year ended 30 June 2018, the Company had issued the following ICP:-

Series No.	Date of issuance	Amount	Tenure	Utilisation of proceeds
		RM'000	Month	
1	10 November 2017	20,000	1	RM12 million for working capital, RM8 million for loan repayment
2	11 December 2017	40,000	1	RM20 million for repayment of maturing Sukuk Series 1, RM20 million for working capital
3	11 January 2018	45,000	1	RM40 million for repayment of maturing Sukuk Series 2, RM5 million for working capital
4	12 February 2018	50,000	3	RM45 million for repayment of maturing Sukuk Series 3, RM4 million for working capital
5	14 May 2018	50,000	3	RM50 million for repayment of maturing Sukuk Series 4

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the auditors and other consultants by the Company and its subsidiaries for the financial year ended 30 June 2018 are as below:-

	Group (RM)	Company (RM)
Audit services rendered	448,500	78,000
Non-audit services rendered		
Review of the Statement of Risk Management and Internal Control	7,000	7,000
Tax services	70,571	2,650

3. MATERIAL CONTRACTS

Save as disclosed below, the Company and its subsidiaries have not entered into any material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, which involved the interest of the Directors and major shareholders other than contracts entered into in the ordinary course of business:-

(i) City Meridian Development Sdn. Bhd. **("CMD")**, a wholly owned subsidiary of the Company, had on 21 May 2014, entered into a sale and purchase agreement **("SPA")** with Titijaya Group Sdn. Bhd. **("TGSB")** to purchase a parcel of leasehold land held under PN4022, Lot No. 12174, Mukim 12, Daerah Barat Daya, Pulau Pinang **("Land")** for cash consideration at RM126,000,000 **("Acquisition of Land").**

On 19 January 2015, CMD had entered into the supplemental agreement with TGSB to vary, amend, modify or alter certain provisions, terms and conditions of the SPA and to extend the period for the fulfilment of the conditions precedent for 1 year from 21 September 2014 or any other period as mutually agreed between the parties.

The Company had on 27 May 2015 obtained the approval from its shareholders in relation to the Acquisition of Land.

Subsequently, pursuant to the letters between CMD and TGSB dated 21 September 2015, 10 November 2015, 15 February 2016 and 26 May 2016, the parties had mutually agreed to further extend the date for fulfilment of the conditions precedent of the SPAs to 10 November 2015, 10 February 2016, 10 May 2016 and 10 December 2016, respectively. On 22 September 2016, the conditions precedent had been fulfilled by the respective parties.

TGSB, on behalf of CMD as stipulated in the SPAs, is in the midst of preparing its submission application to the Town and Country Planning Department of Penang and State Planning Committee of Penang for approval in varying the zoning of the land use to mixed development and approval in undertaking the development ratio of the Land with plot ratio of 1:4.

On 1 November 2017, Titijaya Group Sdn. Bhd. and the Company mutually agreed to extend the period for a further period of 1 year, i.e. up to 4 November 2018, to obtain the development approvals.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Fifth Annual General Meeting of the Company held on 29 November 2017, the Company had obtained a general mandate from its shareholders **("Shareholders' Mandate")** for a recurrent related party transaction of revenue and trading nature **("RRPTs").**

There were no RRPTs conducted pursuant to the Shareholders' Mandate during the financial year ended 30 June 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

In preparing the annual financial statements, the Directors have also:-

- Adopted the appropriate and relevant accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Assessed the Group's and the Company's ability to continue as going concern, and confirmed that the annual financial statements are prepared using the going concern basis of accounting.

The Directors are also responsible for:-

- Ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements; and
- Taking the necessary steps to ensure appropriate systems and internal controls are in place to safeguard the assets of the Group and of the Company, as well as to prevent and detect fraud and any other irregularities.

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 30 June 2018.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are stated in Note 7 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net profit for the financial year, representing total comprehensive income for the financial year	71,223,826	47,676,413
Attributable to:		
Owners of the Company	72,568,284	47,676,413
Non-controlling interests	(1,344,458)	-
	71,223,826	47,676,413

DIVIDENDS

Since the end of the previous financial year, the Company paid a final single-tier dividend of RM0.005 per ordinary share totalling RM3,577,318 in respect of the financial year ended 30 June 2017 on 21 December 2017.

The directors propose a final single-tier dividend of RM0.0025 per ordinary share, amounting to RM3,361,062 in respect of the current financial year, subject to the shareholders' approval at the forthcoming Sixth Annual General Meeting and a non-cumulative dividend payment to the holder of Irredeemable Convertible Preference Shares at a dividend rate of RM0.00025 per share amounting to RM216,257 in respect of current financial year. These dividends are payable on 27 December 2018. These dividends are not reflected in the financial statements for the current financial year end and will be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2019.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) 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 liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

(i) issued 79,732,622 new ordinary shares at RM1.45 each to acquire the entire equity interest in NPO Builders Sdn. Bhd. and full settlement of advances from the vendors of NPO Builders Sdn. Bhd.; and

(ii) converted 182,479,750 new ordinary shares at RM1.65 each arising from the conversion part of 614,999,899 units of irredeemable convertible preference shares ("ICPS") on the basis of 1 new ordinary share for every 1 unit of ICPS.

These new ordinary shares rank pari passu with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 237,000 of its issued ordinary shares from the open market at an average price of RM0.56 per share. The net total consideration paid for repurchase including transaction costs was RM134,453. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 30 June 2018, the Company held treasury shares a total of 237,000 of its 1,344,424,610 issued ordinary shares. Such treasury shares held at a carrying amount of RM134,453.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*

Tan Sri Dato' Lim Soon Peng*

Lim Poh Yit*

Lim Puay Fung*

Datuk Nozirah Binti Bahari *(appointed on 25 September 2017)*

Datuk Seri Ch'ng Toh Eng

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir* *(Alternate Director: Adrian Cheok Eu Gene*)*

Chin Kim Chung

** Directors of the Company and its subsidiary(ies).*

The names of directors of the Company's subsidiary(ies) since the beginning of the financial year to the date of this report, excluding those who are already listed above are disclosed in Note 7 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares					
	At 1.7.2017	Bought	ICPS Conversion	Sold	Sub-division as at 29.12.2017	At 30.6.2018
The Company						
Direct interest						
Tan Sri Dato' Lim Soon Peng	300,000	-	-	-	300,000	600,000
Lim Poh Yit	780,800	-	-	-	780,800	1,561,600
Lim Puay Fung	245,000	-	-	-	245,000	490,000
Chin Kim Chung	360,000	-	-	-	360,000	720,000
Datuk Seri Ch'ng Toh Eng	250,000	-	-	-	250,000	500,000

DIRECTORS' INTERESTS (continued)

	Number of ordinary shares					
	At 1.7.2017	Bought	ICPS Conversion	Sold	Sub-division as at 29.12.2017	At 30.6.2018
Indirect interest						
Tan Sri Dato' Lim Soon Peng * #	242,228,333	100,000	118,121,000	-	360,449,333	720,898,666
Lim Poh Yit #	242,128,333	100,000	118,121,000	-	360,349,333	720,698,666
Lim Puay Fung #	242,128,333	100,000	118,121,000	-	360,349,333	720,698,666
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir #	400,000	-	-	-	400,000	800,000
Adrian Cheok Eu Gene * (Alternate Director to Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir)	20,000	-	-	-	20,000	40,000

	Irredeemable convertible preference shares					
	At 1.7.2017	Bought	ICPS Conversion	Sold	Sub-division as at 29.12.2017	At 30.6.2018
Indirect interest						
Tan Sri Dato' Lim Soon Peng * #	-	353,352,400	(123,121,000)	(66,000,000)	169,231,400	333,462,800
Lim Poh Yit #	-	353,202,400	(123,121,000)	(66,000,000)	169,081,400	333,162,800
Lim Puay Fung #	-	353,202,400	(123,121,000)	(66,000,000)	169,081,400	333,162,800
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir #	-	600,000	-	-	600,000	1,200,000

	Number of ordinary shares			
	At 1.7.2017	Bought	Sold	At 30.6.2018
The Holding Company				
Titijaya Group Sdn. Bhd.				
Direct interest				
Tan Sri Dato' Lim Soon Peng	1,500,000	-	-	1,500,000
Lim Poh Yit	2,550,000	-	-	2,550,000
Lim Puay Fung	950,000	-	-	950,000

* Deemed interested by virtue of Section 59(11)(c) of the Companies Act 2016 in Malaysia.
\# Deemed interested by virtue of Section 8(4) of the Companies Act 2016 in Malaysia.

Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed Note 32(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage for the directors and certain officers of the Company were RM20,000,000.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

The auditors' reports on the accounts of the subsidiaries did not contain any qualifications.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 27 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 39 to the financial statements.

ULTIMATE HOLDING COMPANY

The directors regard Titijaya Group Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company of the Company.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TAN SRI DATO' LIM SOON PENG
Director

LIM POH YIT
Director

Kuala Lumpur
Date: 26 October 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**12,038,518**	12,114,731	**-**	-
Land held for property development	6(a)	**502,668,753**	330,439,187	**-**	-
Investment in subsidiaries	7	**-**	-	**802,839,182**	191,657,504
Investment in associates	8	**455,850**	390,791	**-**	-
Investment properties	9	**136,197,252**	72,893,434	**-**	-
Goodwill on consolidation	10	**2,062,677**	3,706,047	**-**	-
Deferred tax assets	21	**2,439,404**	-	**-**	-
Trade receivables	13	**1,689,208**	9,680,774	**-**	-
Total non-current assets		**657,551,662**	429,224,964	**802,839,182**	191,657,504
Current assets					
Property development costs	6(b)	**614,800,905**	467,468,217	**-**	-
Inventories	11	**125,635,989**	174,648,192	**-**	-
Other investments	12	**5,646**	5,646	**-**	-
Trade and other receivables	13	**514,015,691**	252,751,114	**169,668,201**	269,535,885
Accrued billings in respect of property development costs		**60,077,509**	13,656,567	**-**	-
Current tax assets		**7,889,830**	8,497,844	**-**	70,475
Fixed deposits placed with licensed banks	14	**49,055,698**	24,708,329	**30,044,660**	6,511,852
Cash and bank balances	15	**169,691,125**	112,063,524	**25,564,418**	3,362,691
Total current assets		**1,541,172,393**	1,053,799,433	**225,277,279**	279,480,903
TOTAL ASSETS		**2,198,724,055**	1,483,024,397	**1,028,116,461**	471,138,407

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
EQUITY AND LIABILITIES					
Equity attributable to the owners of the Company					
Share capital	16	**773,239,117**	352,695,195	**773,239,117**	352,695,195
Share premium	16	**-**	-	**-**	-
Treasury shares	16	**(134,453)**	-	**(134,453)**	-
Irredeemable convertible preference shares	17	**71,364,721**	-	**71,364,721**	-
Other reserves	18	**(47,425,855)**	(47,425,855)	**-**	-
Retained earnings	16	**440,591,697**	371,600,731	**83,992,384**	39,893,289
		1,237,635,227	676,870,071	**928,461,769**	392,588,484
Non-controlling interests		**2,683,935**	4,016,044	**-**	-
TOTAL EQUITY		**1,240,319,162**	680,886,115	**928,461,769**	392,588,484
Non-current liabilities					
Trade payables	22	**17,212,840**	28,895,059	**-**	-
Financial lease liabilities	19	**1,316,106**	1,453,206	**-**	-
Bank borrowings	20	**397,055,910**	279,895,414	**-**	-
Deferred tax liabilities	21	**31,685,908**	32,039,131	**-**	-
Total non-current liabilities		**447,270,764**	342,282,810	**-**	-
Current liabilities					
Trade and other payables	22	**265,514,722**	290,405,164	**12,337,244**	43,571,207
Provision	22	**21,330,441**	11,938,176	**-**	-
Progress billings in respect of property development costs		**39,415,580**	14,294,746	**-**	-
Financial lease liabilities	19	**291,444**	301,547	**-**	-
Bank borrowings	20	**147,670,164**	110,161,371	**87,200,000**	34,978,716
Current tax liabilities		**36,911,778**	32,754,468	**117,448**	-
Total current liabilities		**511,134,129**	459,855,472	**99,654,692**	78,549,923
TOTAL LIABILITIES		**958,404,893**	802,138,282	**99,654,692**	78,549,923
TOTAL EQUITY AND LIABILITIES		**2,198,724,055**	1,483,024,397	**1,028,116,461**	471,138,407

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	23	**381,360,055**	381,523,419	**64,756,000**	564,000
Cost of sales	24	**(241,531,908)**	(231,173,657)	**-**	-
Gross profit		**139,828,147**	150,349,762	**64,756,000**	564,000
Other income	25	**47,756,798**	19,105,080	**562,532**	360,847
Selling and distribution expenses		**(16,931,439)**	(13,737,145)	**-**	-
Administrative expenses		**(31,636,465)**	(24,089,065)	**(6,248,226)**	(3,216,579)
Other expenses		**(31,243,189)**	(17,954,793)	**(7,673,444)**	(1,093,995)
Operating profit/(loss)		**107,773,852**	113,673,839	**51,396,862**	(3,385,727)
Finance costs	26	**(5,017,470)**	(3,585,591)	**(3,434,031)**	(1,018,852)
Share of results of associates, net of tax		**(33,981)**	(9,209)	**-**	-
Profit/(loss) before tax	27	**102,722,401**	110,079,039	**47,962,831**	(4,404,579)
Income tax expense	28	**(31,498,575)**	(34,267,065)	**(286,418)**	(6,376)
Net profit/(loss) for the financial year		**71,223,826**	75,811,974	**47,676,413**	(4,410,955)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income/(loss) for the financial year		**71,223,826**	75,811,974	**47,676,413**	(4,410,955)
Attributable to:					
Owners of the Company		**72,568,284**	76,012,138	**47,676,413**	(4,410,955)
Non-controlling interests		**(1,344,458)**	(200,164)	**-**	-
		71,223,826	75,811,974	**47,676,413**	(4,410,955)
Earnings per ordinary share attributable to Owners of the Company (sen)					
- Basic	29(a)	**6.25**	19.56		
- Diluted	29(b)	**5.82**	19.56		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		← *Attributable to owners of the Company* →									
		← *Non-Distributable* →						*Distributable*			
Group	**Note**	**Share Capital (Note 16) RM**	**Share Premium (Note 16) RM**	**Treasury Shares (Note 16) RM**	**RCPS - Equity Component (Note 18) RM**	**Other Reserve (Note 18) RM**	**ICPS (Note 17) RM**	**Retained Earnings (Note 16) RM**	**Total RM**	**Non-Controlling Interests (Note 7) RM**	**Total Equity RM**
At 1 July 2016		180,000,000	100,451,394	(4,742,235)	4,979,851	(47,425,855)	-	297,516,546	530,779,701	513,567	531,293,268
Total comprehensive income for the financial year		-	-	-	-	-	-	76,012,138	76,012,138	(200,164)	75,811,974
Transactions with owners											
Conversion of redeemable convertible preference shares ("RCPS") to ordinary shares		6,666,667	16,556,189	-	(4,979,851)	-	-	-	18,243,005	-	18,243,005
Disposal of treasury shares		-	137,735	4,742,235	-	-	-	-	4,879,970	-	4,879,970
Dividends paid	37	-	-	-	-	-	-	(2,016,799)	(2,016,799)	-	(2,016,799)
Issuance of ordinary shares	16(i)	18,333,300	31,166,610	-	-	-	-	-	49,499,910	-	49,499,910
Issuance of redeemable preference shares ("RPS") of a subsidiary	7(d)	-	-	-	-	-	-	-	-	235,000	235,000
NCI share of purchase of subsidiaries	7(e)(ii)	-	-	-	-	-	-	257,817	257,817	3,298,670	3,556,487
Reclassification		-	-	-	-	-	-	(168,971)	(168,971)	168,971	-
Transaction costs of share issue		-	(616,700)	-	-	-	-	-	(616,700)	-	(616,700)
Transition to non-par-value regime under Companies Act 2016	16(ii)	147,695,228	(147,695,228)	-	-	-	-	-	-	-	-
Total transactions with owners		172,695,195	(100,451,394)	4,742,235	(4,979,851)	-	-	(1,927,953)	70,078,232	3,702,641	73,780,873
At 30 June 2017		352,695,195	-	-	-	(47,425,855)	-	371,600,731	676,870,071	4,016,044	680,886,115

STATEMENTS OF CHANGES IN EQUITY
(continued)

Group	Note	Share Capital (Note 16) RM	Share Premium (Note 16) RM	Treasury Shares (Note 16) RM	RCPS - Equity Component (Note 18) RM	Other Reserve (Note 18) RM	ICPS (Note 17) RM	Retained Earnings (Note 16) RM	Total RM	Non-Controlling Interests (Note 7) RM	Total Equity RM
		← *Attributable to owners of the Company*							→		
		← *Non-Distributable*					→	*Distributable*			
At 30 June 2017 (continued)		352,695,195	-	-	-	(47,425,855)	-	371,600,731	676,870,071	4,016,044	680,886,115
Total comprehensive income for the financial year		-	-	-	-	-	-	72,568,284	72,568,284	(1,344,458)	71,223,826
Transactions with owners											
Changes in ownership interests in subsidiaries	7(e)(ii)	-	-	-	-	-	-	-	-	12,349	12,349
Conversion of ICPS to ordinary shares	16, 17	301,091,588	-	-	-	-	(30,110,262)	-	270,981,326	-	270,981,326
Dividends paid	37	-	-	-	-	-	-	(3,577,318)	(3,577,318)	-	(3,577,318)
Issuance of ICPS	17	-	-	-	-	-	101,474,983	-	101,474,983	-	101,474,983
Issuance of ordinary shares	16(i)	119,598,934	-	-	-	-	-	-	119,598,934	-	119,598,934
Repurchase of treasury shares	16(iii)	-	-	(134,453)	-	-	-	-	(134,453)	-	(134,453)
Transaction costs of share issue		(146,600)	-	-	-	-	-	-	(146,600)	-	(146,600)
Total transactions with owners		420,543,922	-	(134,453)	-	-	71,364,721	(3,577,318)	488,196,872	12,349	488,209,221
At 30 June 2018		773,239,117	-	(134,453)	-	(47,425,855)	71,364,721	440,591,697	1,237,635,227	2,683,935	1,240,319,162

STATEMENTS OF CHANGES IN EQUITY
(continued)

		Attributable to owners of the Company						
		Non-Distributable					Distributable	
Company	**Note**	**Share Capital (Note 16) RM**	**Share Premium (Note 16) RM**	**Treasury Shares (Note 16) RM**	**RCPS - Equity Component (Note 18) RM**	**ICPS (Note 17) RM**	**Retained Earnings (Note 16) RM**	**Total Equity RM**
At 1 July 2016		180,000,000	100,451,394	(4,742,235)	4,979,851	-	46,321,043	327,010,053
Total comprehensive loss for the financial year		-	-	-	-	-	(4,410,955)	(4,410,955)
Transactions with owners								
Conversion of RCPS to ordinary shares	18	6,666,667	16,556,189	-	(4,979,851)	-	-	18,243,005
Disposal of treasury shares	16(iii)	-	137,735	4,742,235	-	-	-	4,879,970
Dividends paid	37	-	-	-	-	-	(2,016,799)	(2,016,799)
Issuance of ordinary shares	16(i)	18,333,300	31,166,610	-	-	-	-	49,499,910
Transaction costs of share issue		-	(616,700)	-	-	-	-	(616,700)
Transition to non-par-value regime under Companies Act 2016		147,695,228	(147,695,228)	-	-	-	-	-
Total transactions with owners		172,695,195	(100,451,394)	4,742,235	(4,979,851)	-	(2,016,799)	69,989,386
At 30 June 2017		352,695,195	-	-	-	-	39,893,289	392,588,484

STATEMENTS OF CHANGES IN EQUITY
(continued)

Company	Note	Share Capital (Note 16) RM	Share Premium (Note 16) RM	Treasury Shares (Note 16) RM	RCPS - Equity Component (Note 18) RM	ICPS (Note 17) RM	Retained Earnings (Note 16) RM	Total Equity RM
		Attributable to owners of the Company						
		Non-Distributable					*Distributable*	
At 30 June 2017 (continued)		352,695,195	-	-	-	-	39,893,289	392,588,484
Total comprehensive income for the financial year		-	-	-	-	-	47,676,413	47,676,413
Transactions with owners								
Conversion of ICPS to ordinary shares	17	301,091,588	-	-	-	(30,110,262)	-	270,981,326
Repurchase of treasury shares	16(iii)	-	-	(134,453)	-	-	-	(134,453)
Dividends paid	37	-	-	-	-	-	(3,577,318)	(3,577,318)
Issuance of ordinary shares	16(i)	119,598,934	-	-	-	-	-	119,598,934
Issuance of ICPS	17	-	-	-	-	101,474,983	-	101,474,983
Transaction costs of share issue		(146,600)	-	-	-	-	-	(146,600)
Total transactions with owners		420,543,922	-	(134,453)	-	71,364,721	(3,577,318)	488,196,872
At 30 June 2018		773,239,117	-	(134,453)	-	71,364,721	83,992,384	928,461,769

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit/(loss) before tax		**102,722,401**	110,079,039	**47,962,831**	(4,404,579)
Adjustments for:					
Accretion of interest on RCPS		**-**	651,989	**-**	651,989
Depreciation of investment properties		**756,237**	92,972	**-**	-
Depreciation of property, plant and equipment		**926,349**	687,519	**-**	-
Gain on financial liabilities amortised at cost		**(3,497,990)**	-	**-**	-
Gain on disposal of property, plant and equipment		**(53,000)**	(89,998)	**-**	-
Impairment loss on:					
- Amount due from an associate		**3,002,081**	-	**3,002,081**	-
- Amount due from subsidiaries		**-**	-	**122,843**	-
- Goodwill		**1,643,370**	-	**-**	-
- Investment in subsidiaries		**-**	-	**4,093,002**	-
- Investment properties		**-**	1,282,354	**-**	-
- Other receivables		**900,000**	-	**-**	-
Interest expense		**5,017,470**	3,585,591	**3,434,031**	1,018,852
Interest income		**(5,236,628)**	(3,144,974)	**(562,532)**	(360,847)
Provision for liquidated and ascertain damages		**(176,618)**	8,463,482	**-**	-
Share of result of an associate, net of tax		**33,981**	9,209	**-**	-
Share issuance expenses		**-**	(616,700)	**-**	(616,700)
Written off on:					
- Deposits		**-**	366,200	**-**	-
- Other receivables		**-**	79,577	**-**	-
- Trade receivables		**-**	308,888	**-**	-
Write back of payables		**-**	(260,187)	**-**	-
Operating profit/(loss) before working capital changes		**106,037,653**	121,494,961	**58,052,256**	(3,711,285)
Changes In Working Capital:					
Inventories		**112,690,210**	(153,696,601)	**-**	-
Receivables		**(267,158,115)**	11,244,003	**244,076,042**	(10,673,747)
Payables		**(183,559,258)**	(58,415,743)	**(2,602,829)**	116,689
Property development costs		**(78,261,993)**	123,328,593	**-**	-
Net cash (used in)/generated from operations		**(310,251,503)**	43,955,213	**299,525,469**	(14,268,343)
Income tax paid		**(30,897,908)**	(11,165,874)	**(122,596)**	(147,170)
Income tax refunded		**410,112**	268,579	**24,101**	-
Interests paid		**(990,972)**	(2,440,968)	**(159,294)**	(632,047)
Interests received		**5,236,628**	3,144,974	**562,532**	360,847
Net Operating Cash Flows		**(336,493,643)**	33,761,924	**299,830,212**	(14,686,713)

STATEMENTS OF CASH FLOWS
(continued)

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of subsidiaries, net of cash	7(e)	**(52,640,342)**	(4,458,556)	**(56,799,287)**	(249,998)
Acquisition of associate	8	**(99,040)**	(400,000)	**-**	-
Acquisition of property, plant and equipment	(a)	**(677,046)**	(102,036)	**-**	-
Acquisition of investment property	9	**(64,060,055)**	-	**-**	-
Advances to subsidiaries		**-**	-	**(611,985,394)**	-
Other investments		**-**	1	**-**	-
Land held for property development costs incurred		**1,785,183**	(142,622,704)	**-**	-
Proceed from disposal of property, plant and equipment		**66,040**	90,000	**-**	-
Net Investing Cash Flows		**(115,625,260)**	(147,493,295)	**(668,784,681)**	(249,998)
CASH FLOWS FROM FINANCING ACTIVITIES:	(b)				
Advances to associates		**(8,017,701)**	(823,770)	**(3,002,081)**	-
Advances to receivables		**-**	-	**-**	(3,108,144)
Advances to subsidiaries		**-**	-	**-**	(57,502,710)
Amount due to directors		**851,341**	1	**-**	-
Dividends paid		**(3,577,318)**	(2,016,799)	**(3,577,318)**	(2,016,799)
Drawdown of bank borrowings		**316,187,000**	162,879,775	**37,200,000**	15,000,000
Fixed deposits pledged as security values		**(10,453,100)**	(4,812,990)	**(11,248,100)**	(3,862,980)
Interests paid		**(4,026,498)**	(1,144,623)	**(3,274,737)**	(386,805)
Proceeds from disposal of treasury shares		**-**	4,879,970	**-**	4,879,970
Proceeds from issuance of Class A shares		**47,000,000**	-	**-**	-
Proceeds from the issuance of ordinary shares		**-**	49,499,910	**-**	49,499,910
Proceeds from issuance of redeemable preference shares		**-**	235,000	**-**	-
Proceeds from issuance of ICPS		**301,091,588**	-	**301,091,588**	-
Proceed from conversion of ICPS to ordinary shares		**71,364,721**	-	**71,364,721**	-
Purchase of treasury shares		**(134,453)**	-	**(134,453)**	-
Repayment of bank borrowings		**(202,258,587)**	(63,686,571)	**(30,000,000)**	-
(Repayment)/Advances from ultimate holding company		**(865,367)**	2,535,199	**-**	-
Repayment of finance lease liabilities		**(313,203)**	(200,195)	**-**	-
Net Financing Cash Flows		**506,848,423**	147,344,907	**358,419,620**	2,502,442

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
NET CHANGE IN CASH AND CASH EQUIVALENTS		**54,729,520**	33,613,536	**(10,534,849)**	(12,434,269)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**79,691,077**	46,077,541	**(967,153)**	11,467,116
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**134,420,597**	79,691,077	**(11,502,002)**	(967,153)
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Cash and bank balances	15	**169,691,125**	112,063,524	**25,564,418**	3,362,691
Fixed deposits placed with licensed banks	14	**49,055,698**	24,708,329	**30,044,660**	6,511,852
Bank overdrafts	20	**-**	(33,207,650)	**-**	(4,978,716)
Islamic commercial paper	20	**(50,000,000)**	-	**(50,000,000)**	-
		168,746,823	103,564,203	**5,609,078**	4,895,827
Less: Fixed deposits held as security values	14	**(34,326,226)**	(23,873,126)	**(17,111,080)**	(5,862,980)
		134,420,597	79,691,077	**(11,502,002)**	(967,153)

(a) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM843,046 (2017: RM1,507,036), of which RM166,000 (2017: RM1,405,000) were acquired by means of borrowings.

(b) Reconciliation of liabilities arising from financing activities:

	At 1.7.2017 RM	Cash Flows RM	Non-Cash: Addition RM	Non-Cash: Acquisition of subsidiaries RM	At 30.06.2018 RM
Group					
Amount due to directors	492,597	**851,341**	-	**-**	1,343,938
Bank borrowings	356,849,135	**113,928,413**	-	**23,948,526**	494,726,074
Finance lease liabilities	1,754,753	**(313,203)**	166,000	**-**	1,607,550
Net amount due to ultimate holding company	2,533,200	**(865,367)**	-	**-**	1,667,833
Other payables - Class A shares	-	**47,000,000**	-	**-**	47,000,000
Company					
Bank borrowings	30,000,000	**7,200,000**	-	**-**	37,200,000

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Titijaya Land Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business of the Company is located at N-16-01, Penthouse, Level 16, First Subang, Jalan SS15/4G, 47500 Subang Jaya, Selangor Darul Ehsan.

The directors regard Titijaya Group Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are stated in Note 7 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2018.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to FRSs

The Group and the Company had adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

Amendments/Improvements to FRSs

FRS 12	Disclosure of Interest in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in statements of cash flows.

2. BASIS OF PREPARATION (continued)

2.3 MASB Approved Accounting Standards, MFRS

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ending 30 June 2019.

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018 / 1 January 2020*
MFRS 3	Business Combinations	1 January 2019 / 1 January 2020*
MFRS 4	Insurance Contracts	1 January 2018
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019

2. BASIS OF PREPARATION (continued)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

		Effective for financial periods beginning on or after (continued)
Amendments/Improvements to MFRSs (continued)		
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018 / 1 January 2019 / Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments/Improvements to MFRSs		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC 132	Intangible Assets – Web Site Costs	1 January 2020*

** Amendments to References to the Conceptual Framework in MFRS Standards*

2.4.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

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

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

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

2. BASIS OF PREPARATION (continued)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

MFRS 9 Financial Instruments (continued)

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Int 13	Customer Loyalty Programmes
IC Int 15	Agreements for the Construction of Real Estate
IC Int 18	Transfers of Assets from Customers
IC Int 131	Revenue – Barter Transactions Involving Advertising Services

2. BASIS OF PREPARATION (continued)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statements of financial position except for short-term and low value asset leases.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 Financial Instruments: Disclosure, MFRS 119 Employee Benefits and MFRS 10 Consolidated Financial Statements because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and

(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

2. BASIS OF PREPARATION (continued)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

2. BASIS OF PREPARATION (continued)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC 132.

Estimated impact of the adoption of the new MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group is required to adopt MFRS 15 from 1 July 2018 onwards, and is currently in the midst of performing a detailed analysis to quantify the financial effects.

2. BASIS OF PREPARATION (continued)

2.4 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

Estimated impact of the adoption of the new MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

The Group has conducted a preliminary assessment on the different types of existing contracts with the customers and the impact is still in the midst of finalising due to involving complexity, estimation and judgement.

Other than MFRS 15, the Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2.5 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.6 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.7 Use of estimates and judgement

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.7 to the financial statements.

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statements of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statements of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

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

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with FRS 128 Investments in Associates and Joint Ventures.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(e) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b) to the financial statements.

Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiaries. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any.

3.3 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

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

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

(b) Financial guarantee contracts (continued)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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 other comprehensive income is recognised in profit or loss.

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

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(f) Hedge accounting

Fair value hedge

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the reporting date is recognised in profit or loss. For a hedged item that is otherwise measured at cost, the gain or loss attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognised in profit or loss. For a hedged item categorised as available-for-sale, the fair value gain or loss attributable to the hedged risk is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

(f) Hedge accounting (continued)

Fair value hedge (continued)

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

In a cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are transferred from equity and included in the initial amount of the asset or liability.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Hedge of a net investment

In a net investment hedge, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

The cumulative gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss on disposal of the foreign operation.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Property, plant and equipment (continued)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Leasehold building	99 years
Freehold building	2%
Computers	20%
Office equipment	20%
Furniture and fittings	20%
Motor vehicles	20%
Renovation	20%
Plant and machinery	20%
Cabins	20%

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

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leases (continued)

(a) Lessee accounting (continued)

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.6 Investment properties

(a) Investment property carried at cost less accumulated depreciation and impairment loss

Investment properties are investment in lands and buildings that are held for long term rental yields and/or for capital appreciation. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

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

Investment in freehold land is stated at cost and is not depreciated as it has an indefinite life. Investment property under construction is not depreciated until the assets are ready for its intended use.

Other investment properties are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives at an annual rate of 2%.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised from the statements of financial position. The difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss in the financial period in which the item is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Investment properties (continued)

(b) Reclassification to/from investment property

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

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

3.7 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.8 Inventories

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

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

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3.9 Property development activities

(a) Land held for property development

Land held for property development consists of development costs on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Property development activities (continued)

(a) Land held for property development (continued)

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

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

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

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

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

Borrowing costs incurred on the property development project are capitalised and included as part of the property development costs in accordance with the accounting policy on borrowing cost in Note 3.16 to the financial statements.

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

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts and fixed deposits held as security values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of asset

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of asset (continued)

(a) Impairment and uncollectibility of financial assets (continued)

Available-for-sale financial assets (continued)

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

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

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups 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.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of asset (continued)

(b) Impairment of non-financial assets (continued)

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.12 Equity instruments

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Redeemable convertible preference shares ("RCPS")

The RCPS are regarded as compound instruments, consisting of a liability component and an equity component. The component of RCPS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as interest expense in profit or loss using the effective interest rate method. On issuance of the RCPS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholder's equity, net of transaction costs.

Transaction costs are apportioned between the liability and equity components of the RCPS based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

(c) Redeemable preference shares

The redemption of preference shares may be mandatory or at the option of the Company, depending upon the terms of payments. If both dividend payment and redemption are at the option of the Company, the entire instrument is classified as equity.

If preference shares are issued with mandatory dividend payment and mandatory redemption, the entire instrument is a financial liability, which should be measured at amortised cost using the effective interest method. Dividend expense, calculated using the effective interest rate method, is recognised in profit or loss.

(d) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Equity instruments (continued)

(d) Treasury shares (continued)

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.13 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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 reserved.

3.15 Revenue and other income

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Property development

Revenue from property development projects is recognised progressively as the project activity progresses and is in respect of sales when the agreements have been finalised. The recognition of revenue is based on the percentage of completion method, net of discount, and is consistent with the method adopted for profit recognition. Provision for foreseeable losses is made when estimated future revenue realisable is lower than the carrying amount of the project.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue and other income (continued)

(a) Property development (continued)

Interest income from late payments by house buyers and forfeiture income are recognised on an accrual basis unless the collectability is in doubt in which recognition will be on a receipt basis.

(b) Interest income

Interest income other than late payment interest income by house buyers and other trade receivables are recognised on an accrual basis.

(c) Dividend income

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

(d) Rental income

Rental income is recognised on an accrual basis.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.17 Taxes

(a) Income tax

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

(i) Current tax

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxes (continued)

(a) Income tax (continued)

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group Managing Director who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.21 Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Business combination (Note 7)

During the current financial year, the Group acquired the Sri Komakmur Development Sdn. Bhd. and its subsidiaries and NPO Builders Sdn. Bhd., signficant judgment was made as to whether the transaction should be accounted for as a business combination or as a separate acquisition of asset. In making this judgement, the Group assessed the assets, liabilities, operations and processes that were the subject of the transaction against the definition of a business in FRS 3 Business Combinations. The Group assessed that the acquisition of Sri Komakmur Development Sdn. Bhd. and its subsidiaries and NPO Builders Sdn. Bhd. quatify as a business combination by applying the definition in FRS 3.

In accounting for the Sri Komakmur Development Sdn. Bhd. and its subsidiaries and NPO Builders Sdn. Bhd. under FRS 3, the fair values of the identifiable assets and liabilities acquired, including intangible assets, are recognised. The determination of the fair values of acquired assets and liabilities assumed is based on directors' judgement. Any changes in these assumptions will have an impact on the carrying amounts of the acquired assets and liabilities assumed.

The fair values of the acquired assets and liabilities assumed are disclosed in Note 7 to the financial statements.

(b) Property development projects

(i) Revenue recognition (Note 23)

The Group recognises property development projects in the profit or loss by using the percentage of completion method, which is the standard for similar industries.

The percentage of completion is determined by the proportion that property development and contract costs incurred for work performed to date bear to the estimated total property development and contract costs. Estimated losses are recognised in full when determined. Property development projects and expenses estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Significant judgement is required in determining the percentage of completion, the extent of the property development projects incurred, the estimated total property development and contract revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a contract is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the percentage of completion method are reflected in property development and contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development and contract revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

(ii) Accruals – costs accrued (Note 22(d) and 24)

Significant judgement is required in the estimation of the costs accrued for the development projects. The Group evaluates the amount accrued based on past track records and experience.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(c) Impairment of investments in subsidiaries and recoverability of amount owing by subsidiaries (Note 7 and 13(b))

The Company performs impairment review on the investments in subsidiaries and amount owing by subsidiaries whenever the events or changes in circumstonces indicate that the carrying amount of the investment in subsidiaries and amount owing by subsidiaries may not be recoverable in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. Costs of investments in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries. The impairment made on investment in subsidiaries entails an allowance for doubtful debts to be made to the amount owing by these subsidiaries.

Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiaries. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investments in subsidiaries.

(d) Impairment of financial assets (Note 13(b))

The Group and recognises impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group assesses whether there is any objective evidence that loans and receivables are impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's past experience of loss statistics, ageing of past due amounts and current economic tends. The actual eventual losses may be different from the impairment made and this may affect the Group's financial position and results.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land and Building RM	Computers RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Renovation RM	Others RM	Total RM
Cost								
At 1 July 2016	10,564,211	692,861	113,261	386,187	2,629,553	94,201	22,460	14,502,734
Additions	-	69,523	1,982	20,106	1,415,075	-	350	1,507,036
Disposal	-	-	-	-	(834,987)	-	-	(834,987)
At 30 June 2017	10,564,211	762,384	115,243	406,293	3,209,641	94,201	22,810	15,174,783
Acquisition of subsidiaries	7,078	4,447	4,077	1,264	-	-	3,264	20,130
Additions	-	237,419	683	25,739	179,930	399,275	-	843,046
Disposal	-	(38,500)	-	-	(401,970)	-	-	(440,470)
At 30 June 2018	10,571,289	965,750	120,003	433,296	2,987,601	493,476	26,074	15,597,489
Accumulated Depreciation								
At 1 July 2016	237,185	362,637	104,209	305,265	2,100,653	75,110	22,459	3,207,518
Depreciation for the financial year	211,283	109,688	3,135	38,536	318,810	5,717	350	687,519
Disposal	-	-	-	-	(834,985)	-	-	(834,985)
At 30 June 2017	448,468	472,325	107,344	343,801	1,584,478	80,827	22,809	3,060,052
Depreciation for the financial year	211,344	134,457	3,247	25,036	467,878	83,684	703	926,349
Disposal	-	(25,460)	-	-	(401,970)	-	-	(427,430)
At 30 June 2018	659,812	581,322	110,591	368,837	1,650,386	164,511	23,512	3,558,971
Net Carrying Amounts								
At 30 June 2018	9,911,477	384,428	9,412	64,459	1,337,215	328,965	2,562	12,038,518
At 30 June 2017	10,115,743	290,059	7,899	62,492	1,625,163	13,374	1	12,114,731

Included in the freehold land and building of the Group with a net carrying amount totaling RM9,904,457 (2017: RM10,115,743) are pledged to financial institutions to secure credit facilities granted to the Group.

Motor vehicles with a total carrying amount of RM1,598,001 (2017: RM1,625,163) were acquired under hire purchase arrangements.

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Freehold lands RM	Leasehold lands RM	Development costs RM	Total RM
Group				
At 1 July 2016	117,213,098	-	72,313,503	189,526,601
Additions during the financial year	126,000,000	-	16,622,704	142,622,704
Transfer to property development costs (Note 6(b))	-	-	(1,710,118)	(1,710,118)
Reclassification	(35,275,402)	-	35,275,402	-
At 30 June 2017	207,937,696	-	122,501,491	330,439,187
Additions/(Disposal) during the financial year	2,903,077	3,437,653	(8,125,913)	(1,785,183)
Acquisition of subsidiaries	-	29,819,932	8,746,608	38,566,540
Transfer from/(to) property development costs (Note 6(b))	29,964,326	(25,478,703)	15,504,767	19,990,390
Reclassification	-	115,457,819	-	115,457,819
At 30 June 2018	240,805,099	123,236,701	138,626,953	502,668,753

Land held for property development amounting to RM347,286,128 (2017: RM273,242,241) have been pledged to financial institutions to secure credit facilities granted to the Group.

Included in the land held for property development costs of the Group are RM12,841,491 (2017: RM8,312,325) being interest expense capitalised during the financial year.

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (continued)

(b) Property Development Costs

	Freehold lands RM	Leasehold lands RM	Development costs RM	Total RM
Group				
Cumulative Property Development Costs				
At 1 July 2016	258,401,627	31,141,854	619,842,782	909,386,263
Cost incurred during the financial year	-	31,357	267,445,789	267,477,146
Transfer from land held for property development (Note 6(a))	-	-	1,710,118	1,710,118
Acquisition of subisidiaries	-	134,768,758	39,718,371	174,487,129
Reclassification	201,630	-	(201,630)	-
Reversal of completed projects	(52,764,889)	(11,696,228)	(389,958,501)	(454,419,618)
Unsold units transferred to inventories	(9,807,101)	(4,445,626)	(141,259,288)	(155,512,015)
At 30 June 2017	196,031,267	149,800,115	397,297,641	743,129,023
Cost incurred during the financial year	2,000,000	39,864,587	260,132,439	302,002,026
Transfer (to)/from land held for property development (Note 6(a))	(29,964,326)	25,478,703	(15,504,767)	(19,990,390)
Acquisition of subisidiaries	106,827,476	69,777,130	40,342,657	216,947,263
Reclassification	-	(134,626,536)	-	(134,626,536)
Reversal of completed projects	(7,386,893)	-	(56,096,487)	(63,483,380)
Unsold units transferred to inventories	(2,855,830)	-	(33,867,794)	(36,723,624)
At 30 June 2018	264,651,694	150,298,999	592,303,689	1,007,254,382

	Freehold lands RM	Leasehold lands RM	Development costs RM	Total RM
Group				
Cumulative Costs Recognised in Profit or Loss				
At 1 July 2016	(70,933,129)	(8,213,583)	(421,626,507)	(500,773,219)
Recognised during the financial year	(44,869,631)	(3,482,645)	(180,954,929)	(229,307,205)
Reversal of completed projects	56,057,461	11,696,228	386,665,929	454,419,618
At 30 June 2017	(59,745,299)	-	(215,915,507)	(275,660,806)
Recognised during the financial year	(33,144,165)	(5,857,435)	(141,274,451)	(180,276,051)
Reversal of completed projects	8,239,142	-	55,244,238	63,483,380
At 30 June 2018	(84,650,322)	(5,857,435)	(301,945,720)	(392,453,477)
Property Development Costs				
At 30 June 2018	180,001,372	144,441,564	290,357,969	614,800,905
At 30 June 2017	136,285,968	149,800,115	181,382,134	467,468,217

Included in the property development costs of the Group are RM9,358,758 (2017: RM4,909,859) being interest expense capitalised during the financial year.

The freehold land and leasehold land under property development costs amounting to RM169,150,356 (2017: RM266,264,912) have been pledged to financial institutions to secure credit facilities granted to the Group.

7. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2018 RM	Company 2017 RM
Unquoted shares - at cost		**339,030,472**	191,657,504
Less : Impairment loss	(a)	**(4,093,002)**	-
		334,937,470	191,657,504
Loans that are part of net investments	(b)	**467,901,712**	-
		802,839,182	191,657,504

(a) The Company's investment in subsidiaries that are impaired at the reporting date and the reconciliation of movement in the impairment of investment in subsidiaries is as follows:-

	Company 2018 RM	Company 2017 RM
At the beginning of the financial year	**-**	-
Charge for the financial year - Impairment loss	**4,093,002**	-
At the end of the financial year	**4,093,002**	-

Investment in subsidiaries that are individually determined to be impaired at the reporting date relate to subsidiaries that are unable to be recoverable.

The recoverable amount was determined based on value in use from financial budgets approved by the management.

(b) Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiaries. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any.

7. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The details of the subsidiaries are as follows:-

Name of Entity	Country of Incorporation	Effective Equity Interest 2018	Effective Equity Interest 2017	Principal Activities
Direct subsidiaries				
Aman Kemensah Sdn. Bhd.	Malaysia	**100%**	100%	Property development
Epoch Property Sdn. Bhd.	Malaysia	**100%**	100%	Property development
NPO Development Sdn. Bhd.	Malaysia	**100%**	100%	Property development
Safetags Solution Sdn. Bhd.	Malaysia	**100%**	100%	Property development
Shah Alam City Centre Sdn. Bhd.	Malaysia	**100%**	100%	Property development
Prosperous Hectares Sdn. Bhd.	Malaysia	**70%**	70%	Dormant
Pin Hwa Properties Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding and joint venture for property development
Terbit Kelana Development Sdn. Bhd.	Malaysia	**100%**	100%	Property investment
Titijaya Resources Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding
Titijaya PMC Sdn. Bhd.	Malaysia	**100%**	100%	Providing management services
City Meridian Development Sdn. Bhd.	Malaysia	**100%**	100%	Property development
Titijaya Capital Sdn. Bhd.	Malaysia	**100%**	100%	Money lending business
Premsdale Development Sdn. Bhd.	Malaysia	**100%**	100%	Property development
Tulus Lagenda Sdn. Bhd.	Malaysia	**100%**	100%	Property development
High Splendour Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
Titijaya Development (Pulau Pinang) Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
Tamarind Heights Sdn. Bhd.	Malaysia	**100%**	100%	Joint venture for property development
NPO Builders Sdn. Bhd.	Malaysia	**100%**	-	Property development
Sri Komakmur Development Sdn. Bhd.	Malaysia	**100%**	-	Property development and investment holding
Riveria City Sdn. Bhd. *(f.k.a. Bina Puri Development Sdn. Bhd.)*	Malaysia	**70%**	-	Joint venture for property development
Indirect subsidiaries				
Subsidiaries of NPO Development Sdn. Bhd.				
Neu Estates Sdn. Bhd. *(f.k.a. NPO Land Sdn. Bhd.)*	Malaysia	**100%**	100%	Property development
Zen Estates Sdn. Bhd. *(f.k.a. Sendi Bangga Development Sdn. Bhd.)*	Malaysia	**100%**	100%	Property development
Subsidiaries of Titijaya Resources Sdn. Bhd.				
Aman Duta Sdn. Bhd.	Malaysia	**100%**	-	Dormant
Ampang Avenue Development Sdn. Bhd.	Malaysia	**70%**	70%	Joint venture for property development
Tenang Sempurna Sdn. Bhd.	Malaysia	**70%**	70%	Dormant
Subsidiaries of Ampang Avenue Development Sdn. Bhd.				
Nipah Valley Sdn. Bhd.	Malaysia	**70%**	63%	Joint venture for property development
Subsidiaries of Sri Komakmur Development Sdn. Bhd.				
Renofajar Sdn. Bhd.	Malaysia	**100%**	-	Property development
Blu Waterfront Development Sdn. Bhd.	Malaysia	**100%**	-	Property development
Subsidiaries of Blu Waterfront Development Sdn. Bhd.				
Laksana Wawasan Sdn. Bhd.	Malaysia	**100%**	-	Dormant

7. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The details of the subsidiaries are as follows:

Names of directors of the Company's subsidiary(ies):

In addition to the directors listed in the Directors' Report, the following are the directors of some of the subsidiary(ies):
Puan Sri Datin Chan Lian Yen
Lim Soon Koon
Dr Tan Cheng Kiat
Datuk Matthew Tee Kai Woon
Datuk Tee Hock Hin
Tan Seri Datuk Tee Hock Seng

(d) The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

2018	Prosperous Hectares Sdn. Bhd. RM	Tenang Sempurna Sdn. Bhd. RM	Ampang Avenue Development Sdn. Bhd. RM	Nipah Valley Sdn. Bhd. RM	Riveria City Sdn. Bhd. RM	Total RM
NCI percentage of ownership interest and voting interest	**30%**	**30%**	**30%**	**30%**	**30%**	
Carrying amount of NCI	**718,175**	**(55,213)**	**1,787,936**	**550,372**	**(317,335)**	**2,683,935**
Net profit/(loss) allocated to NCI	**5,767**	**(6,538)**	**(1,003,027)**	**(10,977)**	**(329,683)**	**(1,344,458)**
Summary financial information before intra-group elimination						
As at 30 June 2018						
Non-current assets	**-**	**1,710,923**	**1,000,000**	**115,457,919**	**-**	
Current assets	**16,657,156**	**470,945**	**210,689,135**	**42,130,933**	**29,345,087**	
Non-current liabilities	**-**	**-**	**(100,315,516)**	**-**	**-**	
Current liabilities	**(14,263,238)**	**(2,365,911)**	**(105,413,834)**	**(156,537,613)**	**(30,402,869)**	
Net assets/(liabilities)	**2,393,918**	**(184,043)**	**5,959,785**	**1,051,239**	**(1,057,782)**	
Year ended 30 June 2018						
Net income/(loss) for the financial year	**19,224**	**(21,793)**	**(3,343,423)**	**(36,589)**	**(1,098,944)**	
Cash flow generated from/(used in) operating activities	**2,003,027**	**324,300**	**(136,923,279)**	**(22,706,465)**	**(14,877,016)**	
Cash flow used in investing activities	**-**	**-**	**(100,000)**	**-**	**-**	
Cash flow generated from financing activities	**8,523**	**-**	**151,070,342**	**22,714,783**	**15,145,974**	
Net increase in cash and cash equivalents	**2,011,550**	**324,300**	**14,047,063**	**8,318**	**268,958**	

7. INVESTMENTS IN SUBSIDIARIES (continued)

(d) The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows (continued):

2017	Prosperous Hectares Sdn. Bhd. RM	Tenang Sempurna Sdn. Bhd. RM	Ampang Avenue Development Sdn. Bhd. RM	Nipah Valley Sdn. Bhd. RM	Total RM
NCI percentage of ownership interest and voting interest	**30%**	**30%**	**30%**	**37%**	
Carrying amount of NCI	**712,408**	**(48,675)**	**2,790,962**	**561,348**	**4,016,044**
Net loss allocated to NCI	**(10,166)**	**(8,638)**	**(176,703)**	**(4,656)**	**(200,164)**
Summary financial information before intra-group elimination					
As at 30 June 2017					
Non-current assets	**-**	**2,160,423**	**900,000**	**115,457,919**	
Current assets	**18,960,341**	**2,266,645**	**188,548,350**	**20,750,365**	
Non-current liabilities	**-**	**-**	**(82,176,844)**	**-**	
Current liabilities	**(16,585,647)**	**(4,589,318)**	**(97,968,298)**	**(134,691,126)**	
Net assets/(liabilities)	**2,374,694**	**(162,250)**	**9,303,208**	**1,517,158**	
Year ended 30 June 2017					
Net loss for the financial year	**(33,887)**	**(28,794)**	**(1,067,555)**	**(61,479)**	
Cash flow (used in)/generated from operating activities	**(459,624)**	**(1,626,294)**	**2,094,855**	**(1,133,414)**	
Cash flow used in investing activities	**-**	**-**	**(900,000)**	**(3,100)**	
Cash flow generated from/(used in) financing activities	**16,967**	**1,715,912**	**(168)**	**1,135,000**	
Net (decrease)/increase in cash and cash equivalents	**(442,657)**	**89,618**	**1,194,687**	**(1,514)**	

Included in the non-controlling interest of the Group is an amount of RM235,000 (2017: RM235,000) redeemable preference shares issued to third parties.

Nipah Valley Sdn. Bhd.

The redeemable preference shares are arising from an indirect subsidiary, Nipah Valley Sdn. Bhd. by the issuance of 23,500,000 units of redeemable preference shares for RM235,000 on 31 October 2016 with certain terms and conditions of the subscription agreement.

7. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Effects on acquisition of subsidiaries are from the following:

2018

(i) fair values of the consideration transferred:

	Group RM
Consideration paid in cash	56,799,287
Consideration by shares	119,598,934
Fair value of consideration transferred	176,398,221

(ii) The fair values and carrying amounts of the identifiable assets and liabilities of the subsidiaries as at the date of acquisitions are as follows:

	Group RM
Property, plant and equipment	20,130
Deferred tax assets	692,144
Land held for property development	19,057,538
Property development costs	114,566,796
Trade and other receivables	10,264,412
Inventories	23,482,707
Cash and bank balances	3,392,810
Fixed deposits	766,135
Trade and other payables	(107,674,500)
Bank borrowings	(23,948,526)
Current tax liabilities	(1,717,853)
Net identifiable assets	38,901,793
Add: Excess of purchase consideration over net identifable asset accounted for as an asset acquisition	137,508,777
Fair value purchase consideration	176,410,570
Non-controlling interest at fair value	(12,349)
Fair value of consideration transferred	176,398,221
Less: Cash and cash equivalents of subsidiaries acquired	(4,158,945)
	172,239,276

7. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Effects on acquisition of subsidiaries are from the following (continued):

2018 (continued)

(iii) Effect of acquisition on cash flows:

	Group RM
Fair value of consideration transferred	**176,398,221**
Less: Non-cash consideration	**(119,598,934)**
Consideration paid in cash	**56,799,287**
Less: Cash and cash equivalents of subsidiaries acquired	**(4,158,945)**
Net cash outflows on acquisition	**52,640,342**

NPO Builders Sdn. Bhd. ("NBSB")

On 30 September 2016, the Company had acquired the entire equity interest in NPO Builders Sdn. Bhd. ("NPOB") and full settlement of advances for a total purchase consideration of RM115,612,302 satisfied via the issuance of 79,732,622 new ordinary shares of RM0.50 each in TLB (TLB share) at an issue price of RM1.45 per TLB share.

On 9 August 2017, the Company and Titi Kaya Sdn. Bhd. ("TKSB") entered into a supplemental share sale agreement to vary the late payment interest as consideration to extend the completion date up to 25 September 2017, from 6% per annum tabulated on daily basis to 7.35% per annum tabulated on daily basis, over the balance purchase price (i.e., after excluding the refundable deposit of 10% of the purchase price payable to TKSB) between the expiry of the Extended Completion Date to the date upon which the Company settles the balance purchase price to TKSB.

On 20 October 2017 (completion date), the Company had issued 79,732,622 new ordinary shares at an issue price of RM1.45 per share to acquire the entire equity interest in NBSB and full settlement of advances from TKSB, Lee Eng Wah and Lim Wen Yeh, being the vendors of NBSB, for a total purchase consideration of RM115,612,302. Following the above acquisition, NBSB has become a direct wholly owned subsidiary of the Company.

The fair value of the shares at the completion date of RM1.50 per share or RM119,598,934 in total is taken up as investment in subsidiary.

Aman Duta Sdn. Bhd. ("ADSB")

On 25 September 2017, Titijaya Resources Sdn. Bhd. ("TRSB"), a wholly owned subsidiary of the Company had acquired two ordinary shares, representing 100% of the issued share capital of ADSB, a shelf company incorporated in Malaysia, for a total consideration of RM2. Following the above acquisition, ADSB has become an indirect wholly owned subsidiary of the Company.

ADSB was incorporated on 18 July 2017 as a private company limited by shares under the Companies Act 2016. ADSB has an issued share capital of 2 ordinary shares equivalent to RM2.

Sri Komakmur Development Sdn. Bhd. ("SKDSB"), and its subsidiaries namely, Renofajar Sdn. Bhd., Blu Waterfront Development Sdn. Bhd. and Laksana Wawasan Sdn. Bhd.

As announced by the Company, on 27 February 2017, the Company entered into a Share Sale Agreement ("SSA") with Tan Chuan Cheong and Tee Tiong Lee ("the vendors") for the acquisition of 3,000,000 ordinary shares, representing the entire issued share capital of SKDSB and its subsidiaries for a purchase consideration of RM70,919,000. The highest percentage ratio applicable to the acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 13%, based on latest audited consolidated financial statements of the Titijaya Land Berhad's group for the financial year ended 30 June 2016. None of the directors and/or substantial shareholders of the Group or persons connected to them has any interest, direct or indirect, in the acquisition. The board is confident that the proposed development would enhance the future revenue and earnings profit of the Group.

7. INVESTMENT IN SUBSIDIARIES (continued)

(e) Effects on acquisition of subsidiaries are from the following (continued):

2018 (continued)

Riveria City Sdn. Bhd. ("RCSB") ***("f.k.a. Bina Puri Development Sdn. Bhd.")***

On 21 March 2018, the Company, Bina Puri Construction Sdn. Bhd. ("BPCSB"), Prosperous Hectares Sdn. Bhd. ("PHSB") and Bina Puri Development Sdn. Bhd. have entered into deed of mutual termination of previous joint venture agreement between the Company, BPCSB and PHSB dated on 18 April 2014.

At the same date, Company had entered into a shares sale agreement with BPCSB for the acquisition of 900,000 ordinary shares, representing 30% equity interest in PHSB for a purchase consideration of RM900,000. The acquisition was not completed as at the end of the financial year. The acquisition was completed on 8 August 2018 subsequent to the end of the financial year.

The Company has on 21 March 2018, entered into a joint venture agreement with Bina Puri Properties Sdn. Bhd. and RCSB for the strategic collaboration to jointly participate in the proposed development land and a Shares Sale Agreement with Bina Puri Construction Sdn. Bhd. for the acquisition of 280,000 ordinary shares, representing 70% equity interest in RCSB ("Sale Shares") for a purchase consideration of RM28,000. The acquisition was completed on 24 April 2018.

2017

(i) fair values of the consideration transferred:

	Group RM
Consideration paid in cash	6,382,561
Fair value of condsideration transferred	6,382,561

(ii) The fair values and carrying amounts of the identifiable assets and liabilities of the subsidiaries as at the date of acquisitions are as follows:

	Group RM
Property development costs	174,344,907
Trade and other receivables	84,970
Cash and bank balances	1,924,005
Non-controlling interest	(79,461)
Trade and other payables	(84,380,043)
Bank borrowings	(82,177,013)
Net identifiable assets	9,717,365
Add: Excess of purchase consideration over net identifable asset accounted for as an asset acquisition	142,222
Fair value purchase consideration	9,859,587
Non-controlling interest at fair value	(3,477,026)
Fair value of consideration transferred	6,382,561
Less: Cash and cash equivalents of subsidiaries acquired	(1,924,005)
	4,458,556

7. INVESTMENT IN SUBSIDIARIES (continued)

(e) Effects on acquisition of subsidiaries are from the following (continued):

2017 (continued)

(iii) Effect of acquisition on cash flows:

	Group RM
Fair value of consideration transferred	**6,382,561**
Less: Cash and cash equivalents of subsidiaries acquired	**(1,924,005)**
Net cash outflows on acquisition	**4,458,556**

Ampang Avenue Development Sdn. Bhd. ("AADSB") and its subsidiary namely, Nipah Valley Sdn. Bhd. ("NVSB")

On 8 November 2016, the Company through its subsidiary, Titijaya Resources Sdn. Bhd. ("TRSB") entered into share sale agreement together with CREC Development (M) Sdn. Bhd. ("CRECD") for the acquisition of 10,440,000 ordinary shares of RM1.00 each, representing issued and paid-up capital of AADSB for a consideration of RM10,000,000 and assumption of the shareholders' advances of RM70,000,000 from the vendors (namely Chan Peng Kooh and Rafidah Binti Menan) arriving at a total purchase consideration of RM80,000,000.

Premsdale Development Sdn. Bhd. ("PDSB")

On 14 July 2017, Titijaya Land Berhad subscribed for an additional 249,998 ordinary shares in PDSB for a cash consideration of RM249,998. The acquisition does not change the effective equity interest held by the Company.

8. INVESTMENT IN ASSOCIATES

	Group 2018 RM	Group 2017 RM
Unquoted shares - at cost	**499,040**	400,000
Share of post-acquisition reserves	**(43,190)**	(9,209)
	455,850	390,791

Details of the associate are as follows:

Name of company	Country of Incorporation	Effective Equity Interest 2018	Effective Equity Interest 2017	Principal Activities
Indirect associate held through Titijaya Resources Sdn. Bhd.				
- Amona Titijaya Sdn. Bhd.*	Malaysia	40%	40%	Property development
- Asas Dinasti Sdn. Bhd.	Malaysia	40%	-	Dormant
Indirect associate held through Tulus Lagenda Sdn. Bhd.				
- BJ Properties Sdn. Bhd.*	Malaysia	49%	-	Property investment
Indirect associate held through Titijaya Resources Sdn. Bhd. and Aman Duta Sdn. Bhd.				
- Usima Property Sdn. Bhd.*	Malaysia	40%	-	Property investment

* *Audited by auditors other than Baker Tilly Monteiro Heng*

8. INVESTMENT IN ASSOCIATES (continued)

The summarised financial information of the associate acquired during the financial year is as follows:

	Group	
	2018 RM	**2017 RM**
Results		
Loss for the financial year	**(81,317)**	(23,023)
Assets and liabilities		
Non-current assets	**-**	5,260,785
Current assets	**16,520,673**	1,000,966
Current liabilities	**(15,419,921)**	(5,286,880)
Net assets	**1,100,752**	974,871
Reconciliation of net assets to carrying amount:		
Share of net assets at 30 June	**455,850**	390,791
Impairment losses	**-**	-
Carrying amount in the statements of financial position	**455,850**	390,791

EFFECTS ON ACQUISITION OF ASSOCIATES

2018

(a) **Asas Dinasti Sdn. Bhd. ("ADSB")**

On 28 November 2017, Titijaya Resources Sdn. Bhd., a wholly owned subsidiary of the Company had acquired two ordinary shares, representing 100% of the issued share capital of ADSB, a shelf company incorporated in Malaysia, for a total consideration of RM2. Following the above acquisition, ADSB has become an indirect wholly owned subsidiary of the Company.

On 5 December 2017, TRSB had subscribed for additional 3,998 new ordinary shares in the enlarged issued share capital of ADSB, for a total cash consideration of RM3,998. The Company's effective interest in ADSB through TRSB, shall reduce from 100% to 40%. As a result, ADSB has become an indirect associate of the Group.

(b) **BJ Properties Sdn. Bhd. ("BPSB")**

On 28 March 2018, Tulus Lagenda Sdn. Bhd. ("TLSB"), a wholly owned subsidiary of the Company, has entered into a Shares Subscription Agreement ("SSA") with BPSB to subscribe up to 9,900,000 new ordinary shares in BPSB, representing 99% of the enlarged issued share capital of BPSB at a subscription price of up to RM9,900,000, subject to and upon the terms and conditions of the SSA.

TLSB had on 29 March 2018 subscribed for 95,000 new ordinary shares in the enlarged issued share capital of BPSB, for a total cash consideration of RM95,000. Consequential thereto, BPSB became a 49% owned indirect associate of the Group via TLSB.

8. INVESTMENT IN ASSOCIATES (continued)

EFFECTS ON ACQUISITION OF ASSOCIATES (continued)

2018 (continued)

(c) **Usima Property Sdn. Bhd. ("UPSB")**

On 25 September 2017, Titijaya Resources Sdn. Bhd. ("TRSB"), a wholly owned subsidiary of the Company had acquired two ordinary shares, representing 100% of the issued share capital of Aman Duta Sdn. Bhd. ("ADSB"), a shelf company incorporated in Malaysia, for a total consideration of RM2. Following the above acquisition, ADSB has become an indirect wholly owned subsidiary of the Company.

On 18 January 2018, ADSB had acquired 40 ordinary shares from the previous owner, for a total cash consideration of RM40. Consequential thereto, UPSB has become an indirect associate of the Group via TRSB and ADSB.

2017

(a) **Amona Titijaya Sdn. Bhd. ("ATSB")**

On 30 October 2015, Titijaya Resources Sdn. Bhd. ("TRSB") entered into a Shareholders' Agreement with Amona Development Sdn. Bhd. and ATSB (formerly known as Metrogale Development Sdn. Bhd.) (referred as "JV Company") to form a strategic collaboration and to govern the material aspects of the joint venture, the conduct of the business and the management of the JV Company. The transaction had been completed on 21 March 2017. TRSB hold 400,000 of ordinary shares representing the 40% of entire issued and paid-up share capital in ATSB.

9. INVESTMENT PROPERTIES

Group	Freehold land RM	Buildings RM	Total RM
Costs			
At 1 July 2016	71,989,369	4,648,613	76,637,982
Addition	-	-	-
At 30 June 2017	71,989,369	4,648,613	76,637,982
Addition*	-	64,060,055	64,060,055
At 30 June 2018	71,989,369	68,708,668	140,698,037
Accumulated Depreciation and Impairment			
At 1 July 2016	-	2,369,222	2,369,222
Depreciation for the financial year	-	92,972	92,972
Impairment during the financial year	-	1,282,354	1,282,354
At 30 June 2017	-	3,744,548	3,744,548
Depreciation for the financial year	-	756,237	756,237
At 30 June 2018	-	4,500,785	4,500,785
Net Carrying Amount			
At 30 June 2018	71,989,369	64,207,883	136,197,252
At 30 June 2017	71,989,369	904,065	72,893,434

* *During the financial year, a subsidiary has acquired a property (classified under investment property) from a fellow subsidiary which was previously classified under inventory.*

Buildings consist of retail shop lots, office units and a food court.

9. INVESTMENT PROPERTIES (continued)

	Group	
	2018 **RM**	**2017** **RM**
Fair value of investment properties	**143,420,000**	78,420,000
Rental income generated	**1,567,911**	1,724,002
Direct operating expenses arising from investment properties		
• income generating investment properties	**45,108**	24,675
• non-income generating investment properties	**87,084**	88,578
	132,192	113,253

(a) **Fair value information**

The fair value of investment properties of approximately RM143,420,000 (2017: RM78,420,000) is determined based on the valuation performed by the independent professional valuers with relevant experience in the location and categories of land being valued. The fair value of investment properties is measured at Level 2 hierarchy.

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the property, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach is price per square foot of comparable properties.

(b) The investment properties with net carrying amount of RM68,580,000 (2017: RM68,580,000) have been pledged to financial institutions to secure credit facilities granted to the Group.

10. GOODWILL ON CONSOLIDATION

	Group	
	2018 RM	**2017 RM**
At the beginning of the financial year	**3,706,047**	3,706,047
Less : Impairment loss during the financial year	**(1,643,370)**	-
At the end of the financial year	**2,062,677**	3,706,047

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination.

The carrying amount of goodwill had been allocated to investment holding segment as independent CGU.

The Group performed impairment review on goodwill annually or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculation using 2 to 5 years cash flows projections from financial budgets and projects approved by the management. The key assumptions for the value in use calculation are number of development units sold and progress development, discount rate and expected changes to selling prices and direct costs during the period. Management estimated discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. A discount rate factor of 10.31% (2017: 11.68%) has been applied in arriving at the present value of future cash flows. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

Based on the sensitivity analysis performed, management believes that no reasonably possible change in base case assumptions would cause the carrying values of the CGUs to exceed its recoverable amounts.

11. INVENTORIES

	Group	
	2018 RM	**2017 RM**
Completed properties held for sale, at cost	**125,635,989**	174,648,192

The Group's cost of inventories recognised as cost of sales during the financial year amounted to RM45,087,605 (2017: RM1,815,414).

12. OTHER INVESTMENTS

	Group	
	2018 RM	**2017 RM**
Current		
• Available for sale financial assets	**5,646**	5,646

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-current:					
Trade					
Trade receivables	(a)	**1,689,208**	9,680,774	**-**	-
Current:					
Trade					
Trade receivables	(a)	**72,990,581**	44,554,040	**-**	-
Less: written off	(a)	**-**	(308,888)	**-**	-
		72,990,581	44,245,152	**-**	-
Less: impairment	(a)	**(2,288,171)**	(2,288,171)	**-**	-
Total trade receivables (current)		**70,702,410**	41,956,981	**-**	-
Non-trade					
Amount due from:					
- Ultimate holding company	(b(i))	**3,066,667**	-	**-**	-
- subsidiaries	(b(i))	**-**	-	**144,331,199**	253,575,634
- associates	(b(i))	**8,841,471**	823,770	**3,002,081**	-
Less: impairment on:					
- subsidiaries		**-**	-	**(122,843)**	-
- associates		**(3,002,081)**	-	**(3,002,081)**	-
Other receivables	(b(ii))	**313,593,666**	54,814,020	**17,315,372**	3,268,968
Less: written off		**-**	(79,577)	**-**	-
Less: impairment		**(900,000)**	-	**-**	-
GST refundable		**4,078,142**	3,443,651	**121,786**	76,696
Deposits	(b(iii))	**117,388,025**	145,597,670	**8,022,687**	12,614,587
Less: written off for deposits		**-**	(366,200)	**-**	-
Prepayments	(b(iv))	**247,391**	6,560,799	**-**	-
Total other receivables		**443,313,281**	210,794,133	**169,668,201**	269,535,885
Total trade and other receivables (current)		**514,015,691**	252,751,114	**169,668,201**	269,535,885
Total trade and other receivables (non-current and current)		**515,704,899**	262,431,888	**169,668,201**	269,535,885

13. TRADE AND OTHER RECEIVABLES (continued)

(a) **Trade receivables**

Included in the trade receivables of the Group is an amount of RM17,977,710 (2017: RM18,374,518) deposited with a lawyer as stakeholders' sum from house buyers.

The Group's normal trade credit terms ranges from 14 days to 90 days (2017: 14 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Ageing analysis of trade receivables is as follows:

	Group	
	2018 RM	**2017 RM**
Neither past due nor impaired	**36,236,146**	37,128,295
1 to 30 days past due not impaired	**3,869,605**	4,288,482
31 to 75 days past due not impaired	**1,225,544**	2,112,260
More than 75 days past due but not impaired	**31,060,323**	8,108,718
	72,391,618	51,637,755
Impaired	**2,288,171**	2,288,171
	74,679,789	53,925,926

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group	
	2018 RM	**2017 RM**
At the beginning/end of the financial year	**2,288,171**	2,288,171

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have default on payment.

Receivables that are neither past due nor impaired

The directors of the Group are of the opinion that no impairment loss is necessary in respect of these not past due trade receivables.

Receivables that are past due but not impaired

The balance of trade receivables that are past due but not impaired, representing approximately 50% (2017: 28%) of the Group's trade receivables are unsecured in nature.

The management has a credit procedure in place to monitor and minimise the exposure of default. The directors of the Group are of the opinion that no impairment loss is necessary in respect of these past due trade receivables.

13. TRADE AND OTHER RECEIVABLES (continued)

(b) **Other receivables**

(i) **Amounts due from holding company, subsidiaries and associates**

The amounts due from holding company, subsidiaries and associates are unsecured, interest free and receivable upon demand in cash.

The movement for the amount owing by subsidiaries is as follows:

		Company	
	Note	2018 RM	2017 RM
Amount due from subsidiaries		**612,232,911**	253,575,634
Transfer to investment in subisidiaries	7	**(467,901,712)**	-
		144,331,199	253,575,634

The Group's amount due from associates that are impaired at the reporting date and the reconciliation of movement in the impairment of amounts due from associates is as follows:

	Group and Company	
	2018 RM	2017 RM
At the begining of the financial year	**-**	-
Impairment loss during the financial year	**3,002,081**	-
At the end of the financial year	**3,002,081**	-

(ii) **Other receivables**

The Group's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables is as follows:

	Group	
	2018 RM	2017 RM
At the begining of the financial year	**-**	-
Impairment loss during the financial year	**900,000**	-
At the end of the financial year	**900,000**	-

(1) Included in the other receivables of the Group is an amount of RM232,863,431 (2017: RM31,111,238) in relation to an advances paid to a joint development project.

(2) Included in the other receivables of the Group is an amount of RM424,680 (2017: RM1,160,825) due from entities in which persons connected to certain directors have interests.

(3) In previous financial year, included in the other receivables of the Group is an amount of RM998,731 deposited with a lawyer as stakeholders' sum from house buyers.

13. TRADE AND OTHER RECEIVABLES (continued)

(b) **Other receivables (continued)**

(iii) **Deposits**

Included in deposits of the Group as follows:

(1) RM103,672,800 (2017: RM103,672,800) paid in connection to development project. The deposit is secured by a third party charge over a parcel of leasehold land.

(2) RM3,500,000 (2017: RM23,000,000) in relation to deposits paid for a joint development project.

(3) In previous financial year, RM1,032,005 in relation to the deposits paid for the purchase of land held for property development for a total consideration of RM5,570,080. The balance of the purchase considerations are disclosed as capital commitment in Note 32 to the financial statements.

(iv) **Prepayments**

In previous year, included in prepayments of the Group is an amount totaling RM6,492,454 in relation to the amount paid for the property development cost.

14. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Group

Fixed deposits placed with licensed banks have maturity dates of one (1) month, twelve (12) months, and fifteen (15) months which bear interests rates ranging from 2.55% to 3.97% (2017: 2.65% to 3.50%) per annum for the financial year.

Fixed deposits of RM34,326,226 (2017: RM23,873,126) placed with licensed banks have been pledged to the licensed banks to secure credit facilities granted to subsidiaries and a third party.

Company

Fixed deposits placed with licensed banks have maturity dates of one (1) month, twelve (12) months and fifteen (15) months which bear interests rates ranging from 3.05% to 3.97% (2017: 3.05% to 3.50%) per annum for the financial year.

Fixed deposits of RM17,111,080 (2017: RM5,862,980) placed with licensed banks have been pledged to the licensed banks to secure credit facilities granted to subsidiaries and a third party.

15. CASH AND BANK BALANCES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short term funds	**23,662**	23,571	**-**	-
Cash in hand	**34,850**	20,843	**2**	2
Housing development accounts	**57,614,361**	83,361,469	**-**	-
Cash at banks	**112,018,252**	28,657,641	**25,564,416**	3,362,689
	169,691,125	112,063,524	**25,564,418**	3,362,691

The housing development accounts which held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, comprise monies received from purchasers, are for the payment of property development expenditure incurred and are restricted from use in other operations. The surplus monies, if any, will be released to the subsidiaries upon the completion of the property development projects and after all property development expenditure have been fully settled.

16. RETAINED EARNINGS, SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group and Company				
	Ordinary Shares		← *Amount* →		
	Share capital (Issued and fully paid) Unit	Treasury shares Unit	Share capital (Issued and fully paid) RM	Share premium RM	Treasury shares RM
At 1 July 2016	360,000,000	(3,148,800)	180,000,000	100,451,394	(4,742,235)
Conversion of RCPS	13,333,333	-	6,666,667	16,556,189	-
Issued during the financial year	36,666,600	-	18,333,300	31,166,610	-
Disposal of treasury shares	-	3,148,800	-	137,735	4,742,235
Utilisation of share premium	-	-	-	(616,700)	-
Transition to non-par-value regime under Companies Act 2016	-	-	147,695,228	(147,695,228)	-
At 30 June 2017	409,999,933	-	352,695,195	-	-
Conversion of ICPS to ordinary shares	182,479,750	-	301,091,588	-	-
Issued during the financial year	79,732,622	-	119,598,934	-	-
Repurchase of treasury shares	-	(237,000)	-	-	(134,453)
Split of ordinary shares	672,212,305	-	-	-	-
Transaction costs of share issue	-	-	(146,600)	-	-
At 30 June 2018	1,344,424,610	(237,000)	773,239,117	-	(134,453)

16. RETAINED EARNINGS, SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)

(i) Share capital

During the year, the company issued 79,732,622 new ordinary shares at RM1.45 each to acquire the entire equity interest in NPO Builders Sdn. Bhd. and full settlement of advances from the Vendors of NPO Builders Sdn. Bhd.; and issued 182,479,750 new ordinary shares of RM1.65 each arising from the conversion of 614,999,899 units of irredeemable convertible preference shares ("ICPS") on the basis of 1 new ordinary shares for every 1 unit of ICPS. These new ordinary shares rank pari passu with the existing ordinary shares of the Company.

The fair value of the shares at the completion date of RM1.50 per share or RM119,598,934 in total is taken up as investment in subsidiary.

The holders of ordinary shares (except treasury shares) are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

(ii) Share premium

The share premium is arrived at after accounting for the premium received over the nominal value of the shares issued. In previous financial year, the share premium has been transferred to share capital in accordance with Section 618(2) of the Companies Act 2016.

(iii) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

During the financial year, the Company repurchased 237,000 of its issued ordinary shares from the open market at an average price of RM0.56 per share. The net total consideration paid for repurchase including transaction costs was RM134,453.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

In previous financial year, the Company disposed 3,148,800 of its ordinary shares at open market value with an average price of RM1.55 per share. The net total consideration received from the disposal of the treasury shares amounting to RM4,879,970.

(iv) Retained earnings

Under the single tier system, all the Company's retained earnings are distributable by way of dividend and tax on the Company's profit is the final tax and dividend distributed to shareholders will be exempted from tax.

17. IRREDEEMABLE CONVERTIBLE PREFERENCES SHARES ("ICPS")

	Group and Company			
	2018 Unit	2017 Unit	2018 RM	2017 RM
Issued ICPS				
At 1 July	-	-	-	-
Issued during the year	614,999,899	-	101,474,983	-
Conversion of ICPS to ordinary shares	(182,479,750)	-	(30,110,262)	-
At 30 June	432,520,149	-	71,364,721	-

On 30 August 2017, the Company ("TLB") issues of 614,999,899 new irredeemable convertible preference shares in TLB ("ICPS") on the basis at either 10 ICPS to be converted into 1 new TLB share or a combination of 1 ICPS and cash payment of RM1.485 for 1 new TLB's share at an issue price of RM0.165 per ICPS.

During the financial year, ICPS has been converted to ordinary shares of 182,479,750 units at RM1.65 each on the basis of 1 ICPS for every 1 existing ordinary shares in TLB.

On 4 October 2017, the Rights Issue of ICPS has been completed with the listing of 614,999,899 ICPS on the Main Market of Bursa Securities.

The salient features of the ICPS are as follows:

(a) Dividend rate

Subject to the compliance Section 131 of Companies Act 2016, the Company has full discretion over the declaration of dividends. Dividend declared and payable annually in arrears are non-cumulative.

The dividends of the ICPS shall be paid in priority over the TLB Shares. For avoidance of doubt, the redeemable convertible preference share ("RCPS") holder is not entitled to any dividend as the RCPS bears zero dividend rate.

(b) Tenure

The tenure is 5 years commencing from and inclusive of the date of issuance of the ICPS.

(c) Maturity date

The maturity date of the ICPS immediately preceding the 5th anniversary from the date of issuance.

(d) Conversion rights

Each ICPS carries the entitlement to convert into new TLB shares at the conversion ratio through surrender of the ICPS. No adjustment to the conversion price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. If the conversion results in a fractional entitlement to the ordinary shares of the Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash, otherwise, shall be given in respect of the disregarded fractional entitlement.

The ICPS can be converted at any time within 5 years commencing on and including the date of issuance of the ICPS up to and including the maturity date, and it's had been fixed at either 10 ICPS to be converted into 1 new TLB Share or a combination of 1 ICPS and cash payment of RM1.485 for 1 new TLB Share.

17. IRREDEEMABLE CONVERTIBLE PREFERENCES SHARES ("ICPS") (continued)

(e) Rights of the ICPS holders

The ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in the Company except the following circumstances until and unless such holders convert their ICPS into new shares:

(i) when the dividend or part of the dividend on the ICPS is in appears for more than 6 months;

(ii) on a proposal to reduce the Company's share capital;

(iii) on a proposal for sanctioning the sale of the whole of the Company's property, business and undertaking;

(iv) on a proposal that directly affects their rights and privileges attached to the ICPS;

(v) on a proposal to wind-up the Company; and

(vi) during the winding-up of the Company.

18. OTHER RESERVES

Group	Other reserve RM	Equity component of RCPS RM	Total RM
At 1 July 2016	(47,425,855)	4,979,851	(42,446,004)
Conversion of RCPS	-	(4,979,851)	(4,979,851)
At 30 June 2017	(47,425,855)	-	(47,425,855)
Conversion of RCPS	-	-	-
At 30 June 2018	(47,425,855)	-	(47,425,855)

(a) Other reserve

The other reserve is arising from the acquisition of a subsidiary, NPO Development Sdn. Bhd..

(b) Equity component of redeemable convertible preference shares

This represents the residual amount of redeemable convertible preference shares ("RCPS") after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from RCPS.

19. FINANCE LEASE LIABILITIES

	Group	
	2018 **RM**	**2017** **RM**
Minimum lease payments		
- within twelve months	**376,201**	376,100
- later than 1 year and not later than 5 years	**1,192,832**	1,210,873
- later than 5 years	**265,800**	445,981
	1,834,833	2,032,954
Less: Future interest charges	**(227,283)**	(278,201)
Present value of minimum lease payments	**1,607,550**	1,754,753
Analysis of present value of minimum lease payments		
- not later than one year	**291,444**	301,547
- later than one year and not later than five years	**1,060,992**	1,027,523
- later than 5 years	**255,114**	425,683
	1,607,550	1,754,753

The finance lease liabilities bear interest at the effective interest rates ranging from 4.64% to 5.72% (2017: 3.59% to 5.72%) per annum.

20. BANK BORROWINGS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short term bank borrowings - secured				
Bank overdrafts	-	33,207,650	-	4,978,716
Revolving credits	**37,200,000**	30,000,000	**37,200,000**	30,000,000
Term loans	**60,470,164**	46,953,721	-	-
	97,670,164	110,161,371	**37,200,000**	34,978,716
Short term bank borrowings - unsecured				
Islamic commercial paper	**50,000,000**	-	**50,000,000**	-
Total Short term bank borrowings - secured and unsecured	**147,670,164**	110,161,371	**87,200,000**	34,978,716
Long term bank borrowings - secured				
Term loans	**397,055,910**	279,895,414	-	-
	397,055,910	279,895,414	-	-
Total bank borrowings	**544,726,074**	390,056,785	**87,200,000**	34,978,716
Comprising portion repayable				
Within one year	**147,670,164**	110,161,371	**87,200,000**	34,978,716
More than one year but less than two years	**85,642,193**	115,006,547	-	-
More than two years but less than five years	**141,981,977**	153,032,827	-	-
More than five years	**169,431,740**	11,856,040	-	-
	544,726,074	390,056,785	**87,200,000**	34,978,716

Bank Overdrafts

(i) The bank overdrafts bear interests ranging from 6.90% to 8.15% (2017: 6.95% to 8.15%) per annum.

(ii) The bank overdrafts of the a subsidiary are secured by way of:

(a) Third party and second legal charge over the development land;
(b) Specific debenture over all the fixed and floating assets on the property development land;
(c) Deed of assignment over the property of a subsidiary;
(d) Corporate guarantee granted by the Company and ultimate holding company; and
(e) Personal guarantee by the directors of the Company.

20. BANK BORROWINGS (continued)

Revolving credits

(i) The revolving credits of the Group and of the Company bear interest rate at rates ranging from 4.15% to 6.35% (2017: 5.15% to 5.50%) per annum.

(ii) The revolving credits of the Group are secured by way of:

(a) First legal charge over the development land;

(b) Memorandum of Charge over entire paid up capital of the Chargor for the Land;

(c) Debenture incorporating a fixed and floating charges for all monies owing or payable under facilities over present and future assets of a subsidiary; and

(d) Corporate guarantee granted by the Company.

Term loans

(i) The term loans bear interests at rates ranging from 4.75% to 15% (2017: 4.75% to 7.35%) per annum.

(ii) The term loans of the Group are secured by way of:

(a) 1st and 3rd party 1st, 2nd and 3rd legal charge over the Group's development land;

(b) Fixed legal charged over the development properties;

(c) First party deed of assignment and power of attorney over the investment property of a subsidiary;

(d) Specific debenture over all the fixed and floating assets on the property development land;

(e) Third party 1st legal charged over a vacant land and creation of a third party charge in escrow over the said land;

(f) An open all monies facilities agreement;

(g) Power of Attorney in favour of the bank to appoint a contractor at the bank's discretion to proceed and complete the entire development in the event of repayment default and/or inability to complete the project;

(h) Deed of subordination of advances from the ultimate holding company/directors and the subsidiaries;

(i) Assignment of all the rights, title and interest in respect of the rental proceeds for a property from the tenant in favour of the lender;

(j) Assignment of subsidary's housing development act account of the project;

(k) Master trade, Facility/(ies) and supplemental agreement;

(l) Personal, joint and several guarantee by the directors of the Company and its subsidiary;

(m) Letter of negative pledge from a subsidiary;

(n) Letter of subordination debts to subordinate all financing by the subsidiary's shareholders;

(o) Letter of undertaking from the directors, shareholders and guarantors of a subsidiary, the immediate holding company and the subsidiaries; and

(p) Corporate guarantee from the Company and ultimate holding company.

Islamic commercial paper

The Islamic commercial paper is unsecured and bear interests at rates ranging from 4.15% to 4.5% (2017: Nil) per annum.

21. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax assets/(liabilities)				
At the begining of the financial year	**(32,039,131)**	(34,019,631)	**-**	(711,317)
Acquisition of subsidiaries (Note 7)	**692,144**	-	**-**	-
Recognised in profit or loss during the financial year (Note 28)	**2,100,483**	1,425,661	**-**	156,478
Conversion of RCPS	**-**	554,839	**-**	554,839
At the end of the financial year	**(29,246,504)**	(32,039,131)	**-**	-

The deferred tax assets/(liabilities) comprise the following:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax liabilities:				
Tax effects on temporary differences arising from:				
Property, plant and equipment	**(69,599)**	(69,618)	**-**	-
Investment properties	**(15,755,032)**	(15,755,032)	**-**	-
Land held for property development	**(15,861,277)**	(10,025,267)	**-**	-
Property development costs	**-**	(6,189,214)	**-**	-
	(31,685,908)	(32,039,131)	**-**	-
Deferred tax assets:				
Tax effects on temporary differences arising from:				
Property development costs	**692,144**	-	**-**	-
Provision for liquidated and ascertained damages	**1,747,260**	-	**-**	-
	2,439,404	-	**-**	-
	(29,246,504)	(32,039,131)	**-**	-

21. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Details of deferred tax assets pertaining to certain subsidiaries which have not been recognised in the financial statements are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax assets				
Unutilised tax losses	**21,734,191**	6,232,616	**-**	-
Temporary difference	**14,317,711**	17,532,295	**-**	-
	36,051,902	23,764,911	**-**	-
Potential deferred tax benefit at 24% (2017 : 24%)	**8,652,456**	5,703,579	**-**	-

The unutilised tax losses are available for offset against future taxable profits of the subsidiaries.

22. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Non-current:					
Trade					
Trade payables	(a)	**17,212,840**	28,895,059	**-**	-

22. TRADE AND OTHER PAYABLES (continued)

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Current:					
Trade					
Trade payables	(a)	**58,528,215**	77,626,304	**-**	-
Non-trade					
Amount due to:	(b)				
- Ultimate holding company		**4,734,500**	2,533,200	**-**	-
- Subsidiaries		**-**	-	**11,893,694**	42,214,699
- Directors		**1,343,938**	492,597	**6**	6
Other payables	(c)	**62,990,450**	123,480,693	**27,444**	970,724
GST payable		**6,970**	1,093,932	**-**	-
Accruals	(d)	**83,943,183**	82,248,252	**416,100**	385,778
Refundable deposits	(e)	**6,967,466**	2,930,186	**-**	-
		159,986,507	212,778,860	**12,337,224**	43,571,207
Class A shares of a subsidiary classified as financial liability	(f)	**47,000,000**	-	**-**	-
Total trade and other payables (current)		**265,514,722**	290,405,164	**12,337,244**	43,571,207
Total trade and other payables (non-current and current)		**282,727,562**	319,300,223	**12,337,244**	43,571,207
Provision	(g)	**21,330,441**	11,938,176	**-**	-

(a) **Trade payables**

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

Included in trade payables is an amount of RM44,202,930 (2017: RM45,758,569) held as retention sum payable to contractors.

(b) **Amount due to holding company, subsidiaries and directors**

The amount due to holding company, subsidiaries and directors are unsecured, interest free and repayable on demand in cash.

(c) **Other payables**

(i) In previous financial year, included in other payable is an amount of RM24,452,099 owing to previous shareholder of a subsidiary. The amount due is unsecured, interest free and repayable on demand in cash.

(ii) Included in other payables is an amount of RM28,837 (2017: RM1,514,476) owing to companies in which certain directors have interests.

(iii) In previous year, included in other payable is an amount of RM512,653 owing to companies in which persons connected to certain directors have interests.

(iv) Included in other payable is an amount of RM20,868,000 (2017 : RMNil) owning to shareholder of a subsidiary. The amount due is unsecured, interest free and repayable on demand in cash.

22. TRADE AND OTHER PAYABLES (continued)

(d) **Accruals**

Included in accruals are an amount totalling RM77,813,289 (2017: RM82,038,030) which represents costs accrued for the development projects undertaken by the Group.

(e) **Refundable Deposits**

Included in deposits are in relation to partial payments received from purchaser towards the sales of development properties.

(f) **Class A shares of a subsidiary classified as financial liability**

	Group			
	2018 unit	**2017 unit**	**2018 RM**	**2017 RM**
Class A shares of a subsidiary				
At 1 July	**-**	-	**-**	-
Issued during the financial year	**47,000,000**	-	**47,000,000**	-
At 30 June	**47,000,000**	-	**47,000,000**	-

During the financial year, a subsidiary of the company has issued of 47,000,000 units of Class A shares for RM47,000,000 to a subscriber for the purpose of expanding the property development business with certain terms and conditions as stated in the subscription agreement. The Class A shareholders is entitled to receive dividend periodically and biannual capital reduction.

(g) **Provision**

	Group	
	2018 RM	**2017 RM**
Provision for liquidated and ascertained damages		
At the beginning of the financial year	**11,938,176**	4,130,254
Addition	**12,940,058**	-
Recognised in profit or loss	**-**	8,845,018
Reversed during the financial year	**(176,618)**	(381,536)
Payment made during the financial year	**(3,371,175)**	(655,560)
At the end of the financial year	**21,330,441**	11,938,176

23. REVENUE

	Group		Company	
	2018 RM	2017 RM	**2018 RM**	2017 RM
Property development revenue	**293,641,843**	377,071,417	**-**	-
Revenue from sale of completed properties	**86,679,861**	3,394,641	**-**	-
Rental income	**1,032,334**	1,052,069	**-**	-
Dividend income from a subsidiary	**-**	-	**64,000,000**	-
Advisory and marketing service fees	**-**	-	**756,000**	564,000
Others	**6,017**	5,292	**-**	-
	381,360,055	381,523,419	**64,756,000**	564,000

24. COST OF SALES

	Group	
	2018 RM	2017 RM
Property development costs	**180,276,051**	229,307,205
Costs of completed properties sold	**62,754,862**	1,843,196
Reversal of costs accrued for development projects	**(1,538,214)**	-
Direct operating expenses arising from investment properties	**39,209**	23,256
	241,531,908	231,173,657

25. OTHER INCOME

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Administrative fee received	**397,364**	235,192	**-**	-
Compensation income for temporary occupation/ usage of land	**17,570,757**	-	**-**	-
Forfeiture income	**273,390**	1,156,822	**-**	-
Gain of disposal of fixed asset	**53,000**	89,998	**-**	-
Gain on financial liabilities amortised at cost	**3,497,990**	-	**-**	-
Interest income	**1,738,638**	3,144,974	**562,532**	360,847
Interest from investment available for sale	**-**	18,684	**-**	-
Liquidated and ascertained damages income	**12,776,000**	13,430,800	**-**	-
Miscellaneous income	**20,159**	257,090	**-**	-
Rental income	**11,429,500**	511,333	**-**	-
Write back of payables	**-**	260,187	**-**	-
	47,756,798	19,105,080	**562,532**	360,847

26. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
- Hire purchase	**88,724**	59,129	**-**	-
- Bank overdrafts	**990,972**	2,440,968	**159,294**	632,047
- Revolving credit	**1,775,984**	386,805	**1,775,984**	386,805
- Islamic commercial paper	**1,498,753**	-	**1,498,753**	-
- Term loans	**663,037**	698,689	**-**	-
	5,017,470	3,585,591	**3,434,031**	1,018,852

27. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving of profit/(loss) before tax:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Accretion of interest on RCPS	**-**	651,989	**-**	651,989
Auditors' remuneration:				
- statutory audit				
- current year	**448,500**	286,500	**78,000**	72,000
- prior year	**4,197**	5,800	**-**	-
- non-statutory	**7,000**	11,000	**7,000**	11,000
Defined contribution plan	**1,262,976**	977,546	**-**	-
Depreciation of investment properties	**756,237**	92,972	**-**	-
Depreciation of property, plant and equipment	**926,349**	687,519	**-**	-
Directors' (Note 32(c))				
- remuneration	**2,942,397**	2,590,357	**414,100**	394,100
Impairment loss on:				
- amount due from an associate	**3,002,081**	-	**3,002,081**	-
- amount due from subsidiaries	**-**	-	**122,843**	-
- goodwill	**1,643,370**	-	**-**	-
- investment in subsidiaries	**-**	-	**4,093,002**	-
- investment properties	**-**	1,282,354	**-**	-
- trade receivables	**12,936**	-	**-**	-
- other receivables	**900,000**	-	**-**	-
Provision for liquidated and ascertain damages	**(176,618)**	8,463,482	**-**	-
Other staff related expenses	**418,881**	399,191	**-**	-
Written off on:				
- Deposit	**-**	366,200	**-**	-
- Other receivables	**-**	79,577	**-**	-
- Trade receivables	**-**	308,888	**-**	-
Salaries, allowances and bonuses	**10,795,373**	8,337,238	**-**	-
SOCSO	**90,276**	81,650	**-**	-

28. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Income tax				
- current financial year	**35,715,303**	34,204,007	**240,043**	-
- (over)/under provision in prior year	**(2,116,245)**	1,488,719	**46,375**	162,854
	33,599,058	35,692,726	**286,418**	162,854
Deferred tax liabilities (Note 21)				
- current financial year	**(353,203)**	(1,417,244)	**-**	(156,478)
- over provision in prior year	**(1,747,280)**	(8,417)	**-**	-
	(2,100,483)	(1,425,661)	**-**	(156,478)
	31,498,575	**34,267,065**	**286,418**	**6,376**

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

The reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(loss) before tax	**102,722,401**	110,079,039	**47,962,831**	(4,404,579)
Tax at applicable statutory income tax rate of 24% (2017: 24%)	**24,653,376**	26,418,969	**11,511,079**	(1,057,099)
Adjustments:				
- Non-deductible expenses	**8,644,361**	5,746,275	**4,088,964**	900,621
- Income not subject to tax	**(885,107)**	-	**(15,360,000)**	-
- Deferred tax assets not recognised on tax losses and temporary differences	**2,948,877**	621,519	**-**	-
- (Over)/Under accrual of tax in prior year	**(2,115,652)**	1,488,719	**46,375**	162,854
- Over provision of deferred tax liabilities in prior year	**(1,747,280)**	(8,417)	**-**	-
Income tax expense	**31,498,575**	34,267,065	**286,418**	6,376

29. EARNINGS PER ORDINARY SHARE

(a) **Basic**

Basic earnings per share are calculated by dividing the Group's net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2018	**2017**
Net profit attributable to owners of the Company (RM)	**72,568,284**	76,012,138
Weighted average number of ordinary shares (units)	**1,160,644,289**	388,686,697
Basic earnings per share for the financial year (sen)	**6.25**	19.56

(b) **Diluted**

Diluted earnings per share are calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares from exercise of RCPS into ordinary shares.

	Group	
	2018	**2017**
Profit attributable to owners of the Company (RM)	**72,568,284**	76,012,138
Weighted average number of ordinary shares (units)	**1,160,644,289**	388,686,697
Effect of dilution for:		
Conversion of ICPS	**86,502,680**	-
Adjusted weighted average number of ordinary shares in issue and issuable	**1,247,146,969**	388,686,697
Diluted earnings per share (sen)	**5.82**	19.56

30. GUARANTEES

(a) **Financial guarantees**

The corporate guarantees, guaranteed by the Company for credit facilities granted to subsidiaries are as follows:

	Company	
	2018 RM	**2017 RM**
Corporate guarantees for credit facilities of RM935,012,000 (2017: RM569,672,000) granted to subsidiaries	**443,747,937**	250,465,321

30. GUARANTEES (continued)

(b) **Bank guarantees**

The bank guarantees, guaranteed by the Company issued to authorities and a third party for joint development project are as follows:

	Group	
	2018 RM	**2017 RM**
Bank guarantees issued to authorities	**3,924,080**	4,657,980
Bank guarantees issued to a third party for joint development project	**12,048,696**	14,048,696
	15,972,776	18,706,676

31. COMMITMENTS

	Group	
	2018 RM	**2017 RM**
Approved and contracted but not provided for:		
- Land held for property development		
Purchased consideration	-	5,570,080
Less: Deposits paid	-	(1,031,505)
	-	4,538,575

32. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) **Identity of related parties**

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Group and the Company or that has an interest in the Group and the Company that gives it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company reside with, directly or indirectly.

The Company has a related party relationship with:

(i) its ultimate holding company as disclosed in Note 1 to the financial statements;

(ii) its subsidiaries as disclosed in Note 7 to the financial statements;

(iii) its associates as disclosed in Note 8 to the financial statements;

(iv) entities in which directors name substantive financial interest;

(v) close members of the family of a directors; and

32. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) **Identity of related parties (continued)**

The Company has a related party relationship with (continued):

(vi) key management personnel of the Group's and of the Company's, comprises persons (including directors) having the authority and responsibility for planning, diversifying and controlling the activities directly or indirectly.

Name of Related Parties	**Nature of Relationship**
City Meridian Development Sdn. Bhd.	Direct subsidiary
Titijaya PMC Sdn. Bhd.	Direct subsidiary
NPO Development Sdn. Bhd.	Direct subsidiary
Amakmur Development Sdn. Bhd.	Subsidiary of ultimate holding company

(b) **Significant related party transactions**

Significant transactions between the Group and its related parties during the financial year are as follows:

	Group		**Company**	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Holding company				
Titijaya Land Berhad				
- Advisory and marketing service fee	**-**	-	**756,000**	564,000
Subsidiaries				
Titijaya PMC Sdn. Bhd.				
- Project management fee	**-**	-	**(72,000)**	(72,000)
NPO Development Sdn. Bhd.				
- Dividend income	**-**	-	**64,000,000**	-
City Meridian Development Sdn. Bhd.				
- Completion of acquisition of leasehold land	**-**	126,000,000	**-**	-
Related party				
Amakmur Development Sdn. Bhd.				
- billing to/back charge of construction costs	**11,290,922**	-	**-**	-

32. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(c) **Directors' remuneration**

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Executive Directors:				
Salaries, allowance and bonus	**2,224,057**	1,918,586	**25,500**	18,000
Other emoluments	**67,056**	68,331	**-**	-
Defined contribution plan	**262,684**	227,340	**-**	-
Directors' fees	**124,200**	124,200	**124,200**	124,200
	2,677,997	2,338,457	**149,700**	142,200
Non-Executive Directors:				
Allowance	**50,500**	38,000	**50,500**	38,000
Directors' fees	**213,900**	213,900	**213,900**	213,900
	264,400	251,900	**264,400**	251,900
Total directors' remuneration	**2,942,397**	2,590,357	**414,100**	394,100

The number of the directors whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of directors	
	2018	**2017**
Executive Directors:		
Below RM600,000	**-**	-
RM600,001 - RM650,000	**-**	-
RM650,001 - RM700,000	**-**	1
RM700,001 - RM750,000	**-**	-
RM750,001 - RM800,000	**1**	-
RM800,001 - RM850,000	**-**	2
RM850,001 - RM900,000	**-**	-
RM900,001 - RM950,000	**-**	-
RM950,001 - RM1,000,000	**1**	-
RM1,000,001 - RM1,050,000	**1**	-
Non-executive Directors:		
RM1 - RM50,000	**2**	1
RM50,001 - RM100,000	**3**	3

32. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(d) **Key management personnel compensation**

	Group	
	2018 **RM**	**2017** **RM**
Included in staff costs were remunerations for key management personnel other than directors		
• Salaries, bonuses and allowances	**1,422,267**	1,250,723
• Defined contribution plan	**170,973**	157,196
	1,593,240	1,407,919

Other key management personnel comprise persons other than the directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

33. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with FRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group Managing Director for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

Segments	**Products and services**
Property development	Development of housing and commercial units for sales to house and office building purchasers.
Investment holding and others	Investment holding and others

Inter-segment pricing is determined on negotiated basis.

Segment profit

Segment performance is used to measure performance as the Group Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment assets are measured based on all assets (excluding investment in associates, deferred tax assets and current tax assets) of a segment, as included in the internal reports that are reviewed by the Group Managing Director.

Segment liabilities

The total of segment liabilities are measured based on all liabilities (excluding deferred tax liabilities and current tax liabilities) of a segment, as included in the internal reports that are reviewed by the Group Managing Director.

33. SEGMENT INFORMATION (continued)

Group	Note	Property development RM	Investment holding and others RM	Adjustment and eliminations RM	Consolidation RM
2018					
Revenue					
Revenue from external customers		380,321,704	1,038,351	-	381,360,055
Inter-segment revenue	A	65,000,000	73,141,910	(138,141,910)	-
Total revenue		**445,321,704**	**74,180,261**	**(138,141,910)**	**381,360,055**
Results					
Segment results		210,017,390	41,144,891	(143,388,429)	107,773,852
Finance costs		(844,524)	(4,172,946)	-	(5,017,470)
Share of results of associate		-	-	(33,981)	(33,981)
Profit/(Loss) before tax	B	209,172,866	36,971,945	(143,422,410)	102,722,401
Income tax expense		(31,271,881)	(579,897)	353,203	(31,498,575)
Net profit/(loss) for the financial year	**B**	**177,900,985**	**36,392,048**	**(143,069,207)**	**71,223,826**
Assets					
Segment assets		2,337,051,985	1,253,850,594	(1,405,026,285)	2,185,876,294
Investment in associates		95,000	404,040	(43,190)	455,850
Goodwill on consolidation		-	-	2,062,677	2,062,677
Deferred tax assets		2,439,404	-	-	2,439,404
Current tax assets		5,804,142	2,085,688	-	7,889,830
Total assets	**C**			**(1,403,006,798)**	**2,198,724,055**
Liabilities					
Segment liabilities		1,889,161,135	309,590,485	(1,308,944,413)	889,807,207
Current tax liabilities		36,704,258	207,520	-	36,911,778
Deferred tax liabilities		160	69,438	31,616,310	31,685,908
Total liabilities	**D**			**(1,277,328,103)**	**958,404,893**
Other segment information					
Acquisition of property, plant and equipment		26,585	816,461	-	843,046
Addition of investment property		-	64,060,055	-	64,060,055
Acquisition of associates		95,000	4,040	-	99,040
Compensation income for temporary occupation/ usage of land		17,570,757	-	-	17,570,757
Depreciation of property, plant and equipment		121,081	805,268	-	926,349
Depreciation of investment properties		92,972	663,265	-	756,237
Gain on disposal of property, plant and equipment		53,000	-	-	53,000
Impairment loss on associates		-	3,308,966	(306,885)	3,002,081
Impairment loss on investment in subsidiaries		-	4,093,002	(4,093,002)	-
Impairment loss on goodwill		-	-	(1,643,370)	(1,643,370)
Impairment loss on other receivables		-	900,000	-	900,000
Gain on financial liabilities amortised at cost		3,497,990	-	-	3,497,990
Interest expenses		844,524	4,172,946	-	5,017,470
Interest income		1,048,751	689,887	-	1,738,638
Liquidated and ascertained damages income		12,776,000	-	-	12,776,000
Provision of liquidated and ascertained damages		(176,618)	-	-	(176,618)

33. SEGMENT INFORMATION (continued)

Group	Note	Property development RM	Investment holding and others RM	Adjustment and eliminations RM	Consolidation RM
2017					
Revenue					
Revenue from external customers		380,466,058	1,057,361	-	381,523,419
Inter-segment revenue	A	-	11,839,494	(11,839,494)	-
Total revenue		**380,466,058**	**12,896,855**	**(11,839,494)**	**381,523,419**
Results					
Segment results		127,328,382	(7,670,736)	(5,983,806)	113,673,840
Finance costs		(1,815,043)	(1,770,548)	-	(3,585,591)
Share of results of associate		-	(9,209)	-	(9,209)
Profit/(Loss) before tax	B	125,513,339	(9,450,493)	(5,983,806)	110,079,040
Income tax expense		(35,224,044)	(303,788)	1,260,767	(34,267,065)
Net profit/(loss) for the financial year	B	**90,289,295**	**(9,754,281)**	**(4,723,039)**	**75,811,974**
Assets					
Segment assets		1,802,911,183	612,358,005	(944,839,473)	1,470,429,715
Investment in an associate		-	400,000	(9,209)	390,791
Goodwill on consolidation		-	-	3,706,047	3,706,047
Current tax assets		6,325,739	2,172,105	-	8,497,844
Total assets	C			**(941,142,635)**	**1,483,024,397**
Liabilities					
Segment liabilities		1,408,637,397	194,775,113	(866,067,827)	737,344,683
Current tax liabilities		32,734,542	19,926	-	32,754,468
Deferred tax liabilities		179	69,439	31,969,513	32,039,131
Total liabilities	D			**(834,098,314)**	**802,138,282**
Other segment information					
Acquisition of property, plant and equipment		4,472	1,502,564	-	1,507,036
Depreciation of property, plant and equipment		161,545	525,974	-	687,519
Depreciation of investment properties		92,972	-	-	92,972
Gain on disposal of property, plant and equipment		89,998	-	-	89,998
Impairment loss on investment properties		-	-	1,282,354	1,282,354
Interest expenses		1,815,043	1,770,548	-	3,585,591
Interest income		2,741,212	403,762	-	3,144,974
Liquidated and ascertained damages income		13,430,800	-	-	13,430,800
Provision of liquidated and ascertain damages		8,463,482	-	-	8,463,482

33. SEGMENT INFORMATION (continued)

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities and other material items are as follows:

A Inter-segment revenue
Inter-segment revenue are eliminated on consolidation.

B Reconciliation of profit or loss
Profit/(Loss) from other segment transactions are eliminated on consolidation.

C Reconciliation of assets

	2018 RM	2017 RM
Amount due from holding company	**(11,893,695)**	(62,328,456)
Amount due from subsidiaries	**(617,417,287)**	(253,575,634)
Amount due from related companies	**(679,633,432)**	(427,011,888)
Investment in subsidiaries	**(363,653,924)**	(204,250,956)
Intra group transactions	**269,634,730**	6,033,508
Sharing of losses for investment in an associate	**(43,190)**	(9,209)
	(1,403,006,798)	(941,142,635)

D Reconciliation of liabilities

	2018 RM	2017 RM
Amount due to holding company	**(617,417,287)**	(388,297,393)
Amount due to subsidiaries	**(466,509,211)**	(43,064,516)
Amount due to related companies	**(225,017,914)**	(427,011,888)
Intra group transactions	**31,616,309**	24,275,483
	(1,277,328,103)	(834,098,314)

Geographical information

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

34. FINANCIAL INSTRUMENTS

(a) **Classification of Financial Instruments**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Loans and receivables ("L&R")
(ii) Available-for-sale financial assets ("AFS")
(iii) Other financial liabilities ("FL")

34. FINANCIAL INSTRUMENTS (continued)

(a) **Classification of Financial Instruments (continued)**

Group	L&R RM	AFS RM	FL RM	Total RM
2018				
Financial assets:				
Other investments	-	5,646	-	5,646
Trade and other receivables (exclude GST refundable and prepayments)	511,379,366	-	-	511,379,366
Fixed deposits placed with licensed banks	49,055,698	-	-	49,055,698
Cash and bank balances	169,691,125	-	-	169,691,125
Total financial assets	730,126,189	5,646	-	730,131,835
Financial liabilities:				
Trade and other payables (exclude GST payable)	-	-	282,720,592	282,720,592
Finance lease liabilities	-	-	1,607,550	1,607,550
Bank borrowings	-	-	544,726,074	544,726,074
Total financial liabilities	-	-	829,054,216	829,054,216
2017				
Financial assets:				
Other investments	-	5,646	-	5,646
Trade and other receivables (exclude GST refundable and prepayments)	242,746,664	-	-	242,746,664
Fixed deposits placed with licensed banks	24,708,329	-	-	24,708,329
Cash and bank balances	112,063,524	-	-	112,063,524
Total financial assets	379,518,517	5,646	-	379,524,163
Financial liabilities:				
Trade and other payables (exclude GST payable)	-	-	289,311,232	289,311,232
Finance lease liabilities	-	-	1,754,753	1,754,753
Bank borrowings	-	-	390,056,785	390,056,785
Total financial liabilities	-	-	681,122,770	681,122,770

34. FINANCIAL INSTRUMENTS (continued)

(a) **Classification of Financial Instruments (continued)**

Company	L&R RM	AFS RM	FL RM	Total RM
2018				
Financial assets:				
Trade and other receivables (exclude GST refundable)	**169,546,415**	**-**	**-**	**169,546,415**
Fixed deposits placed with licensed banks	**30,044,660**	**-**	**-**	**30,044,660**
Cash and bank balances	**25,564,418**	**-**	**-**	**25,564,418**
Total financial assets	**225,155,493**	**-**	**-**	**225,155,493**
Financial liabilities:				
Trade and other payables	**-**	**-**	**12,337,244**	**12,337,244**
Bank borrowings	**-**	**-**	**87,200,000**	**87,200,000**
Total financial liabilities	**-**	**-**	**99,537,244**	**99,537,244**
2017				
Financial assets:				
Trade and other receivables (exclude GST refundable)	269,459,189	-	-	269,459,189
Fixed deposits placed with licensed banks	6,511,852	-	-	6,511,852
Cash and bank balances	3,362,691	-	-	3,362,691
Total financial assets	279,333,732	-	-	279,333,732
Financial liabilities:				
Trade and other payables	-	-	43,571,207	43,571,207
Bank borrowings	-	-	34,978,716	34,978,716
Total financial liabilities	-	-	78,549,923	78,549,923

34. FINANCIAL INSTRUMENTS (continued)

(b) **Fair Values**

(i) Recognised Financial Instruments

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of long-term financial assets and liabilities are determined by the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair values and carrying values of these assets and liabilities at the end of the reporting period.

The Group's long-term loans other than the redeemable convertible preference shares (liability component) bear interest at floating rate and hence their carrying amounts approximates fair values. The liability component of the redeemable convertible preference shares is recognised initially at fair value and subsequently at amortised cost using effective interest method.

The carrying amount and fair value of financial instruments, other than the carrying amounts which are reasonable approximation of fair values, are as follows:

	2018		2017	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair Value**
Group	**RM**	**RM**	**RM**	**RM**
Financial liabilities				
Finance lease liabilities	**1,607,550**	**1,528,380**	1,754,753	1,676,702

Fair value hierarchy

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

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) 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 (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. FINANCIAL INSTRUMENTS (continued)

(b) **Fair Values (continued)**

(i) Recognised Financial Instruments (continued)

Fair value hierarchy (continued)

Group	Note	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2018					
Financial assets:					
Other investments	**12**	**-**	**5,646**	**-**	**5,646**
Financial liabilities:					
Borrowings:					
• Revolving credit	**20**	**-**	**-**	**37,200,000**	**37,200,000**
• Islamic commercial paper	**20**	**-**	**-**	**50,000,000**	**50,000,000**
• Term loans	**20**	**-**	**-**	**457,526,074**	**457,526,074**
Finance lease liabilities	**19**	**-**	**-**	**1,607,550**	**1,607,550**
2017					
Financial assets:					
Other investments	12	-	5,646	-	5,646
Financial liabilities:					
Borrowings:					
• Bank overdraft	20	-	-	33,207,650	33,207,650
• Revolving credit	20	-	-	30,000,000	30,000,000
• Term loans	20	-	-	326,849,135	326,849,135
Finance lease liabilities	19	-	-	1,754,753	1,754,753

Company	Note	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2018					
Financial liabilities:					
Borrowings:					
• Revolving credit	**20**	**-**	**-**	**37,200,000**	**37,200,000**
• Islamic commercial paper	**20**	**-**	**-**	**50,000,000**	**50,000,000**
2017					
Financial liabilities:					
Borrowings:					
• Bank overdraft	**20**	**-**	**-**	**4,978,716**	**4,978,716**
• Revolving credit	**20**	**-**	**-**	**30,000,000**	**30,000,000**

34. FINANCIAL INSTRUMENTS (continued)

(b) **Fair Values (continued)**

(ii) **Unrecognised Financial Instruments**

Fair value of corporate guarantee has not been recognised since the fair value on initial recognition was not material as the corporate guarantee provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by subsidiaries.

There were no other unrecognised financial instruments as at 30 June 2018 that are required to be disclosed.

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Group Managing Director and does not trade in derivative financial instruments. Financial risk management is carried through internal control systems and adherence to Group's financial risk management policies. The Group is exposed mainly to credit risk, liquidity risk and interest rate risk.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) **Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to the credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding exposure to credit risk for trade and other receivables is disclosed in Note 13 to the financial statements.

Receivables that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements.

Receivables that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 13 to the financial statements.

Credit risk concentration profile

At the reporting date, there was no significant concentration of credit risk in the Group.

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

(a) **Credit Risk (continued)**

Inter-company balances

The Company provides unsecured advances to its subsidiaries. The Company monitors the result of related companies regularly.

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

Financial guarantee

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

The maximum exposure to credit risk amounts to RM443,747,937 (2017: RM250,465,321) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting year.

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

Fair value of financial guarantees has not been recognised since the fair value on initial recognition was not material as the corporate guarantee provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by subsidiaries.

(b) **Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds, the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

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 meets its liabilities when they fall due.

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:-

		Contractual undiscounted cash flows			
Group	**Carrying amount RM**	**On demand or within 1 year RM**	**1 - 5 years RM**	**> 5 years RM**	**Total RM**
2018					
Financial liabilities:					
Trade and other payables (exclude GST payables)	**282,720,592**	**266,334,758**	**15,064,530**	**-**	**281,399,288**
Finance lease liabilities	**1,607,550**	**376,201**	**1,192,832**	**265,800**	**1,834,833**
Bank borrowings	**544,726,074**	**166,974,457**	**290,280,378**	**149,623,046**	**606,877,881**
	829,054,216	**433,685,416**	**306,537,740**	**149,888,846**	**890,112,002**

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

(b) **Liquidity Risk (continued)**

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summaries the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (continued):-

		Contractual undiscounted cash flows			
Group	**Carrying amount RM**	**On demand or within 1 year RM**	**1 - 5 years RM**	**> 5 years RM**	**Total RM**
2017					
Financial liabilities:					
Trade and other payables (exclude GST payable)	289,311,232	286,181,896	-	-	286,181,896
Finance lease liabilities	1,754,753	376,100	1,210,873	445,981	2,032,954
Bank borrowings	390,056,785	120,265,101	297,536,280	13,486,662	431,288,043
	681,122,770	406,823,097	298,747,153	13,932,643	719,502,893

Company					
2018					
Financial liabilities:					
Trade and other payables	**12,337,244**	**12,337,244**	**-**	**-**	**12,337,244**
Bank borrowings	**87,200,000**	**87,200,000**	**-**	**-**	**87,200,000**
	99,537,244	**99,537,244**	**-**	**-**	**99,537,244**
2017					
Financial liabilities:					
Trade and other payables	43,571,207	43,571,207	-	-	43,571,207
Bank borrowings	34,978,716	34,978,716	-	-	34,978,716
	78,549,923	78,549,923	-	-	78,549,923

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

(c) **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 exposure to interest rate risk arises primarily from its loans and borrowings and cash deposits placed with the financial institutions. Most of the Group's loans and borrowings are charged a fixed spread above the financial institutions' base lending rate or cost of fund per annum. The spread rate is reviewed annually. Whilst, the base lending rate and cost of fund used by the financial institutions vary according to the rates set by Bank Negara Malaysia. Meanwhile, interest rates charged on hire purchase are fixed at the inception of the hire purchase arrangements. For interest income from cash deposits, the Group managed the interest rate risks by placing cash deposits with reputable financial institutions with varying maturities and interest rate terms.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax:

Group	Carrying amount RM	Movement in basis point	Effect on profit after tax RM
2018			
Bank borrowings	**544,726,074**	**0.50%**	**2,069,959**
2017			
Bank borrowings	390,056,785	0.50%	1,482,216
Company			
2018			
Bank borrowings	**87,200,000**	**0.50%**	**331,360**
2017			
Bank borrowings	34,978,716	0.50%	132,919

The profit/(loss) after tax will be higher/lower when the interest rates decrease/increase.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund their expansion and growth.

The Group manage their capital structure, and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

36. CAPITAL MANAGEMENT (continued)

The Group monitor the level of dividends to be paid to shareholders. The Group's objective is to pay out regular dividends to the shareholders based on the level of the Group's profitability and cash flows.

The capital structure of the Group consists of equity attributable to the owner of the Group and of the Company, comprising share capital, retained earnings and total liabilities.

The debt-to-equity ratio is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Total liabilities	**958,404,893**	802,138,282	**99,654,692**	78,549,923
Equity attributable to the owners of the Company	**1,237,635,227**	676,870,071	**928,461,769**	392,588,484
Debt-to-equity ratio	**77%**	119%	**11%**	20%

For the current financial year, the Group is required to maintain a debt-to-equity ratio not exceeding 1 to comply the bank covenant. The Group has complied with this requirement.

There were no changes in the Group's and in the Company's approach to capital management during the financial year.

37. DIVIDENDS

	Group and Company	
	2018	2017
	RM	RM
Dividends paid		
• final single-tier dividend of RM0.005 per ordinary share in respect of the financial year ended 30 June 2017	**3,577,318**	-
• final single-tier dividend of RM0.005 per ordinary share in respect of the financial year ended 30 June 2016	**-**	2,016,799

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 11 October 2017, Shah Alam City Centre Sdn. Bhd. ("SACCSB"), a wholly owned subsidiary of TLB, had received a Notice pursuant to the Land Acquisition Act, 1960 from the Petaling Land Administrator on the compensation of temporary occupation / usage of land for the purpose of "Projek Transit Aliran Ringan Laluan 3 (LRT) dari Bandar Utama ke Johan Setia, Klang, Daerah Petaling, Selangor Darul Ehsan" amounted RM65,250,182.60 over a period of 3 years.

(ii) From 20 October to 20 December 2017, TLB increased its issued and paid-up ordinary share capital from RM320,612,269 to RM621,703,856 by way of converted of 182,479,750 ordinary shares of RM1.65 each through a conversion of the 182,479,750 of ICPS into ordinary shares.

(iii) On 17 November 2017, Tamarind Heights Sdn. Bhd., a wholly owned subsidiary of TLB, had entered into a Joint Venture Agreement ("JVA") with Golden Vogue Sdn. Bhd. ("GVSB"), Mohd Hazmil Bin Mohd Kassim and Lim Soo Huen, for the purpose of commercially developing the land.

(iv) On 21 March 2018, TLB has entered into a Joint Venture Agreement ("JVA") with Bina Puri Properties Sdn. Bhd. ("BPPSB") and Bina Puri Development Sdn. Bhd. ("BPDSB") for the strategic collaboration to jointly participate in the proposed development of a piece of freehold land.

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(i) On 21 March 2018, Company had entered into a shares sale agreement with BPCSB for the acquisition of 900,000 ordinary shares, representing 30% equity interest in PHSB for a purchase consideration of RM900,000.

The acquisition was completed on 8 August 2018.

STATEMENT BY DIRECTORS

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

We, **TAN SRI DATO' LIM SOON PENG** and **LIM POH YIT** being two of the directors of Titijaya Land Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 81 to 170 are properly drawn up in accordance with the 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 June 2018 and of their financial performance and cash flows for the financial year then ended.

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

TAN SRI DATO' LIM SOON PENG
Director

LIM POH YIT
Director

Kuala Lumpur
Date: 26 October 2018

STATUTORY DECLARATION

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

I, **TAN KIAN WHOO**, being the officer primarily responsible for the financial management of Titijaya Land Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on page 81 to 170 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TAN KIAN WHOO
(MIA Membership No. 21539)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 26 October 2018.

Before me,

TAN KIM CHOOI (No. W661)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TITIJAYA LAND BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Titijaya Land Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of 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, as set out on pages 81 to 170.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

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

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.

Group

Acquisition of assets [Note 4(a) and 7 to the financial statements]

During the current financial year, the Group acquired Sri Komakmur Development Sdn. Bhd. and its subsidiaries and NPO Builders Sdn. Bhd., significant judgement was made as to whether the transaction should be accounted for as a business combination or as a separate acquisition of asset. In making this judgement, the Group assessed the assets, liabilities, operations and processes that were the subject of the transaction against the definition of a business in FRS 3 *Business Combinations*. The Group assessed that the acquisition of Sri Komakmur Development Sdn. Bhd. and its subsidiaries and NPO Builders Sdn. Bhd. quantify as acquisition of assets by applying the definition in FRS 3.

OUR RESPONSE:

Our audit procedures included, among others:

- reviewing the sales and purchase agreements and assessing the accounting treatment on the acquisition of the assets of Sri Komakmur Development Sdn. Bhd. and its subsidiaries and NPO Builders Sdn. Bhd. in accordance to the requirements of FRS 3 *Business Combinations;*
- reviewing the valuation reports from professional valuers and major contracts in relation to assets acquired;
- assessing the identifiable assets acquired and the liabilities assumed at the acquisition date;
- testing the mathematical computations in the allocation of the purchase price to the different assets and liabilities; and
- assessing the appropriateness of the related disclosures.

KEY AUDIT MATTERS (continued)

Revenue and cost of sales recognition for property development business [Note 4(b), 22(d), 23 and 24 to the financial statements]

We focused on this area because the amounts of revenue and related cost of sales recognised in the property development business require the Group to apply significant judgement. The revenue and corresponding cost of sales are recognised based on the estimated total revenue and costs, the extent of costs incurred to date and the stage of completion method. The stage of completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

OUR RESPONSE:

Our audit procedures on the samples selected of major projects included, among others:

- evaluating the design and assessing the implementation of controls over the Group's process in calculating the stage of completion;
- challenging the Group's major assumptions by comparing to contractual terms and our understanding gathered from the analysis of changes in assumptions from previous year;
- assessing the reasonableness of the computed stage of completion for identified projects against architect certificates or progress reports and the physical completion;
- testing the mathematical accuracy of the underlying calculations and the input data for the computation of the recognised revenue and expenses during the financial year;
- performing tests of details on the estimates of the project development costs by substantiating the estimates with supporting documents or agreements from external parties; and
- discussing with the Group's management on the progress of the projects and expected outcome with the respective project managers to obtain an understanding of the basis on which the estimates are made.

Other receivables and deposits [Note 4(d) and 13(b) to the financial statements]

The Group has significant balances of other receivables and deposits in relation to various development projects. We focused on this area because the Group made judgements over both the events or changes in circumstances indicating that other receivables and deposits are impaired and the estimation of the size of any such impairment. The other receivables and deposits are monitored individually by the Group and therefore the impairment is assessed based on knowledge of each individual receivable.

OUR RESPONSE:

Our audit procedures included, among others:

- discussing with the Group's management on the recoverability of the selected samples of other receivables and deposits;
- obtaining the confirmation of balances from selected samples of other receivables and deposits; and
- reviewing subsequent receipts, receivables correspondence, and considering explanations on the recoverability of the selected samples of receivables and deposits.

KEY AUDIT MATTERS (continued)

Company

Investment in subsidiaries and amount owing by subsidiaries [Note 4(c), 7 and 13(b) to the financial statements]

The Company performs impairment review on the investments in subsidiaries and amount owing by subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of the investments in subsidiaries and amount owing by subsidiaries may not be recoverable in accordance with its accounting policy.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investments in subsidiaries.

OUR RESPONSE:

Our audit procedures included, among others:

- evaluating the cash flow projections and the Company's forecasting procedures;
- comparing the cash flow projections to available business plan;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment;
- performing a sensitivity analysis around the key assumptions; and
- assessing the classification of the amount owing by subsidiaries in the separate 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 comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS (continued)

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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

OTHER MATTERS

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ng Boon Hiang
No. 02916/03/2020 J
Chartered Accountant

Kuala Lumpur
Date: 26 October 2018

ANALYSIS OF SHAREHOLDINGS

AS AT 8 OCTOBER 2018

Total Number of Issued Shares	:	(i) 1,344,424,610 Ordinary Shares; and (ii) 865,026,798 Irredeemable Convertible Preference Shares
Class of Shares	:	Ordinary Shares Irredeemable Convertible Preference Shares
Voting Rights	:	(i) One vote per Ordinary Share held (ii) The Irredeemable Convertible Preference Share does not carry any voting right except in circumstances set out in the Company's Articles of Association

DISTRIBUTION OF ORDINARY SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Ordinary Shares	%
Less than 100	9	0.41	74	0.00
100 – 1,000	109	4.93	58,926	0.01
1,001 – 10,000	893	40.41	5,495,700	0.40
10,001 – 100,000	962	43.52	33,363,000	2.48
100,001 – 20,166,662 *(less than 5% of the issued shares)*	232	10.50	717,277,310	53.36
20,166,662 and above *(5% and above issued shares)*	5	0.23	588,229,600	43.75
Total	**2,210**	**100.00**	**1,344,424,610**	**100.00**

DISTRIBUTION OF SHAREHOLDINGS IN IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Size of Shareholdings	No. of ICPS Holder	%	No. of ICPS	%
Less than 100	1	0.14	98	0.00
100 – 1,000	13	1.84	4,800	0.00
1,001 – 10,000	105	14.85	593,800	0.07
10,001 – 100,000	338	47.81	16,121,700	1.86
100,001 – 20,166,662 *(less than 5% of the issued shares)*	244	34.51	335,592,400	38.80
20,166,662 and above *(5% and above issued shares)*	6	0.85	512,714,000	59.27
Total	**707**	**100.00**	**865,026,798**	**100.00**

DIRECTORS' SHAREHOLDINGS IN ORDINARY SHARES

(based on the Register of Directors' Shareholdings)

Name of Directors	Direct Shareholdings	% *	Indirect Shareholdings	% *
Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*	-	-	-	-
Tan Sri Dato' Lim Soon Peng	600,000	0.04	720,898,666 (a)	53.62
Lim Poh Yit	1,561,600	0.12	720,698,666 (b)	53.61
Lim Puay Fung	490,000	0.04	720,698,666 (b)	53.61
Chin Kim Chung	720,000	0.05	-	-
Datuk Seri Ch'ng Toh Eng	500,000	0.04	-	-
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	-	-	800,000 (c)	0.06
Adrian Cheok Eu Gene *(Alternate Director to Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir)*	-	-	40,000 (d)	*Neg*
Datuk Nozirah Binti Bahari	-	-	-	-

Notes:-

* Calculated based on 1,344,424,610 Ordinary Shares.

(a) Deemed interested pursuant to Section 8(4) of the Companies Act 2016 **("Act")** by virtue of his substantial shareholdings in Titijaya Group Sdn. Bhd. **("TGSB")** and disclosure made pursuant to Section 59(11)(c) of the Act by virtue of his spouse's shareholdings in the Company.

(b) Deemed interested pursuant to Section 8(4) of the Act by virtue of his/her substantial shareholdings in TGSB.

(c) Deemed interested pursuant to Section 8(4) of the Act by virtue of his shareholdings in ISY Holdings Sdn. Bhd.

(d) Disclosure make pursuant to Section 59(11)(c) of the Act by virtue of his spouse's and children's shareholdings in the Company.

DIRECTORS' SHAREHOLDINGS IN ICPS

(Based on the Register of Directors' Shareholdings)

Name of Directors	Direct Shareholdings	% *	Indirect Shareholdings	% *
Laksamana Tan Sri Dato' Setia Mohd Anwar Bin Hj Mohd Nor *(Retired)*	-	-	-	-
Tan Sri Dato' Lim Soon Peng	-	-	323,462,800 (1)	37.39
Lim Poh Yit	-	-	323,162,800 (2)	37.36
Lim Puay Fung	-	-	323,162,800 (2)	37.36
Chin Kim Chung	-	-	-	-
Datuk Seri Ch'ng Toh Eng	-	-	-	-
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	-	-	1,200,000 (3)	0.14
Adrian Cheok Eu Gene *(Alternate Director to Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir)*	-	-	-	-
Datuk Nozirah Binti Bahari	-	-	-	-

Notes:-

* Calculated based on 865,026,798 ICPS.

(1) Deemed interested pursuant to Section 8(4) of the Act by virtue of his substantial shareholdings in TGSB and disclosure made pursuant to Section 59(11)(c) of the Act by virtue of his spouse's shareholdings in the Company.

(2) Deemed interested pursuant to Section 8(4) of the Act by virtue of his/her substantial shareholdings in TGSB.

(3) Deemed interested pursuant to Section 8(4) of the Act by virtue of his shareholdings in ISY Holdings Sdn. Bhd.

SUBSTANTIAL ORDINARY SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Shareholdings	%*	Indirect Shareholdings	% *
Tan Sri Dato' Khoo Chai Kaa	-	-	69,230,934 [(a)]	5.15
Brem Properties Sdn. Bhd.	-	-	69,230,934 [(a)]	5.15
Brem Holding Berhad	-	-	69,230,934 [(a)]	5.15
Titi Kaya Sdn. Bhd.	69,230,934	5.15	-	-
Tan Sri Dato' Lim Soon Peng	600,000	0.04	720,698,666 [(b)]	53.61
Lim Poh Yit	1,561,600	0.12	720,698,666 [(b)]	53.61
Lim Puay Fung	490,000	0.04	720,698,666 [(b)]	53.61
Titijaya Group Sdn. Bhd.	720,698,666	53.61	-	-

Notes:-

* Calculated based on 1,344,424,610 Ordinary Shares.

(a) Deemed interested pursuant to Section 8(4) of the Act by virtue of the shares held by Titi Kaya Sdn. Bhd.

(b) Deemed interested pursuant to Section 8(4) of the Act by virtue of his/her substantial shareholdings in TGSB.

LIST OF THIRTY (30) LARGEST ORDINARY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% *
1	TITIJAYA GROUP SDN. BHD.	202,998,666	15.10
2	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TITIJAYA GROUP SDN. BHD.	162,000,000	12.05
3	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TITIJAYA GROUP SDN. BHD.	82,000,000	6.10
4	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE BANK AG SINGAPORE FOR TITIJAYA GROUP SDN. BHD. (MAYBANK SG)	72,000,000	5.36
5	TITI KAYA SDN. BHD.	69,230,934	5.15

ANALYSIS OF SHAREHOLDINGS
(continued)

No.	Name of Shareholders	No. of Shares	% *
6	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TITIJAYA GROUP SDN. BHD. (SMART)	63,300,000	4.71
7	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	59,743,000	4.44
8	LWY HOLDING SDN. BHD.	48,597,728	3.61
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TITIJAYA GROUP SDN. BHD. (6000103)	40,380,000	3.00
10	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR TITIJAYA GROUP SDN. BHD. (MY2856)	38,000,000	2.83
11	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEW ASSETS SDN. BHD.	35,000,000	2.60
12	LEMBAGA TABUNG HAJI	34,512,000	2.57
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TITIJAYA GROUP SDN. BHD.	34,020,000	2.53
14	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG LIN CHU	33,630,400	2.50
15	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN PENG KOOH	33,000,000	2.45
16	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEAP WENG HONG	26,332,600	1.96
17	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEAP WENG HONG	22,400,000	1.67
18	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG LIN CHU	16,338,100	1.22
19	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TITIJAYA GROUP SDN. BHD. (THIRD PARTY)	16,000,000	1.19
20	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEW ASSETS SDN. BHD.	13,000,000	0.97
21	OOI CHIENG SIM	12,300,000	0.91
22	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	11,750,800	0.87
23	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TITIJAYA GROUP SDN. BHD. (THIRD PARTY)	10,000,000	0.74
24	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA FAMILY TAKAFUL BERHAD (FAMILY PRF)	9,338,400	0.69
25	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR RHB CAPITAL FUND (200189)	8,131,400	0.60
26	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR CHAN PENG KOOH (SMART)	7,532,600	0.56

No.	Name of Shareholders	No. of Shares	% *
27	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	7,430,800	0.55
28	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	6,610,400	0.49
29	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	6,141,100	0.46
30	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YEAP WENG HONG (SMART)	5,990,100	0.45
	TOTAL	**1,187,709,028**	**88.33**

Notes:-

* Calculated based on 1,344,424,610 Ordinary Shares.

LIST OF THIRTY (30) LARGEST ICPS HOLDERS

No.	Name of Shareholders	No. of Shares	% *
1	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TITIJAYA GROUP SDN. BHD. (SMART)	155,000,000	17.92
2	PARK AVENUE CONSTRUCTION SDN. BHD.	120,000,000	13.87
3	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TITIJAYA GROUP SDN. BHD.	88,000,000	10.17
4	TITIJAYA GROUP SDN. BHD.	53,562,800	6.19
5	PROGEREX SDN. BHD.	51,477,800	5.95
6	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR NG WAI YUAN (MY0867)	44,673,400	5.16
7	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR TITIJAYA GROUP SDN. BHD. (MY2856)	36,600,000	4.23
8	LEMBAGA TABUNG HAJI	33,337,400	3.85
9	NG WAI YUAN	23,963,400	2.77
10	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR RHB CAPITAL FUND (200189)	11,897,100	1.38
11	WAI CHOO	11,884,700	1.37
12	OOI CHIENG SIM	9,597,800	1.11
13	LAO CHOK KEANG	8,000,000	0.92
14	KUAN MIN HUEY	7,807,100	0.90
15	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	7,675,800	0.89

No.	Name of Shareholders	No. of Shares	% *
16	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	6,313,900	0.73
17	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED GF)	6,300,000	0.73
18	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	6,187,800	0.72
19	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHIN HOE	5,467,700	0.63
20	KENANGA NOMINEES (TEMPATAN) SDN. BHD. LIM SOH WOON	4,900,000	0.57
21	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED BCF)	4,800,000	0.55
22	LWY HOLDING SDN. BHD.	4,357,300	0.50
23	KWONG MING MEAN	4,282,600	0.50
24	LEE SOON MUI	4,200,000	0.49
25	RHB INVESTMENT BANK BERHAD CLR (K) FOR LEMBAGA TABUNG HAJI	4,090,000	0.47
26	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	4,000,000	0.46
27	LEOU THIAM LAI	4,000,000	0.46
28	ONG YOK MOI	4,000,000	0.46
29	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KWONG MING KWEI (08KW032ZQ-008)	3,740,000	0.43
30	QUEK PHAIK IM	3,555,000	0.41
	TOTAL	**733,671,600**	**84.79**

Notes:-

* Calculated based on 865,026,798 ICPS.

LIST OF TOP 10 PROPERTIES

No.	Registered Owner	Location	Usage	Tenure	Land Area (sq. ft)	NBV RM	Date of Acquisition
1	Ampang Avenue Development Sdn. Bhd.	PN 51538, Lot 104 Bandar Kuala Lumpur, District of Kuala Lumpur and State of Wilayah Persekutuan Kuala Lumpur	On Going Development Project, 3rdNvenue	99 year lease *expiring on 20 May 2113*	263,974	232,065,388	08-Nov-16
2	City Meridian Development Sdn. Bhd.	Lot No. 12174, Mukim 12, Daerah Barat Daya, Pulau Pinang	Building	99 year lease *expiring on 02 April 2095*	82,640	178,936,208	21-May-14
3	Epoch Property Sdn. Bhd.	Lot No. PT 1424, Mukim Damansara, District Of Petaling, Selangor Darul Ehsan	On Going Development Project, H2O Residences	Freehold	263,059	174,407,551	30-Aug-12
4	Blu Waterfront Development Sdn. Bhd.	Kota Kinabalu	On Going Development Project, The Shore	99 year lease *expiring on 31 December 2071*	79,323	62,904,365	23-Nov-17
5	Shah Alam City Centre Sdn. Bhd.	Mukim of Damansara, District of Petaling Mukim of Damansara, District of Petaling	Commercial Land, Monfort, TRIO Agriculture Land Monfort, TRIO	Freehold	26,730 38,484	51,626,030 1,035,614	06-Sep-07
6	NPO Builders Sdn. Bhd.	Lot 85722, 85723 Mukim Bukit Raja, District Petaling	On Going Development Project, Damaisuria	Freehold	134,400 52,570	45,260,127	23-Oct-17
7	Aman Kemensah Sdn. Bhd.	Lot PT 18223, Mukim Ulu Kelang, District of Gombak, Selangor Darul Ehsan HSD 14774	On Going Development Project, Embun @ Kemensah	Freehold	641,152	26,238,031	03-Jul-07
8	Renofajor Sdn. Bhd.	Kg Bakau	On Going Development Project, FPCC	99 year lease *expiring on 31 December 2087*	2,729,905	21,921,515	23-Nov-17
9	Premsdale Development Sdn. Bhd.	PT 56555, Mukim of Cheras, District of Hulu Langat, Selangor	Commercial Land	99 year lease *expiring on 04 August 2109*	217,431	21,762,722	31-Mar-15
10	Neu Estates Sdn. Bhd. (formerly known as NPO Land Sdn. Bhd.)	Mukim of Kapar, District of Klang.	Future Development: Seri Residensi Phase II	Freehold	12,142	21,314,490	30-Jun-06

NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting **("AGM")** of TITIJAYA LAND BERHAD **("Company")** will be held at Classics 2, Level 3, Capital Block, Holiday Villa Hotel & Conference Centre Subang, 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 29 November 2018 at 10:00 a.m. to transact the following business:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors Reports thereon. **[Please refer to Explanatory Note (a)]**

2. To approve the declaration of a final single-tier dividend of RM0.0025 per ordinary share for the financial year ended 30 June 2018. **Resolution 1**

3. To approve the payment of Directors' fees amounting to RM360,500.00 for the financial year ended 30 June 2018. **Resolution 2**

4. To approve the payment of Directors' benefits up to an amount of RM100,000.00 from 30 November 2018 until the next AGM of the Company in year 2019. **Resolution 3**

5. To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
   i. Datuk Seri Ch'ng Toh Eng **Resolution 4**
   ii. Lim Puay Fung **Resolution 5**
   iii. Chin Kim Chung **Resolution 6**

6. To re-appoint Messrs. Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Board of Directors to determine their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

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

7. **ORDINARY RESOLUTION**
   Authority to Allot Shares pursuant to the Companies Act 2016 **Resolution 8**

   "**THAT** subject always to the Companies Act 2016 **("Act")**, the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad **("Bursa Securities")** and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued share (excluding treasury shares) of the Company for the time being;

   AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company."

8. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate") **Resolution 9**

"**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Part A, Section 2.5 of the Circular to Shareholders dated 31 October 2018, which are necessary for the day-to-day operations of the Company and/or its subsidiaries **("Group"),** to be entered by the Group in the ordinary course of business and are on terms which are not more favourable to the parties with which such recurrent transactions to be entered into than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which the Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;-.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

9. **ORDINARY RESOLUTION**
Proposed Renewal of Authority for the Company to Purchase its Own Shares ("Proposed Renewal of Share Buy-Back") **Resolution 10**

"**THAT** subject to the Companies Act 2016 **("Act"),** the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad **("Bursa Securities")** and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem and expedient in the interest of the Company, provided that:-

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of the purchase(s).

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

(i) cancel all the shares so purchased; and/or

(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or

(iii) retain part thereof as treasury shares and cancel the remainder; or

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

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;-.

AND THAT the Board be and is hereby authorised to do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

10. To transact any other ordinary business for which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final single-tier dividend of RM0.0025 per ordinary share in respect of the financial year ended 30 June 2018, if approved by the shareholders at the Sixth AGM of the Company, will be payable on 27 December 2018 to the depositors whose names appear in the Record of Depositors at the close of business on 14 December 2018.

A Depositor shall qualify for entitlement only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4:00 p.m. on 14 December 2018 in respect of ordinary transfers; and

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

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)
TAN LEY THENG (MAICSA 7030358)
Company Secretaries

Kuala Lumpur
31 October 2018

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at **23 November 2018** shall be eligible to attend the Meeting or appoint proxies to attend and/or vote in his/her stead.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his stead. When a member appoints more than one (1) proxy, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to speak at the Meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), 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 under the hand of the appointor or his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the office of the Registrar of the Company at Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTE (a)

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS:-

(a) Ordinary Resolution 2 – Directors' Fees

Payment of the Directors' fees for the financial year ended 30 June 2018 amounting to RM360,500.00 will be made by the Company if the proposed Ordinary Resolution 2 is passed at the Sixth AGM of the Company.

(b) Ordinary Resolution 3 – Benefits of Directors

The proposed Ordinary Resolution 3, if passed, will authorise the payment of the Directors' benefits to the Non-Executive Directors up to an amount of RM100,000.00 with effect from 30 November 2018 until the next AGM of the Company in year 2019 **("Period").** The Directors' benefits payable for the Period comprise the following:-

Description	Non-Executive Director (excluding the Alternate Director)	Remarks
Meeting Allowance		The meeting allowance shall only be paid whenever meetings are called during the Period
(a) Board Meeting	RM1,000 per meeting	
(b) Board Committee Meeting	RM500 per meeting	
(c) General Meeting	RM1,000 per meeting	
Insurance Allowance	RM2,000 per year	-

(c) Ordinary Resolution 8
Authority to Allot Shares Pursuant to the Companies Act 2016

This is the renewal of the general mandate for issuance of shares by the Company obtained from the shareholders of the Company at the Fifth AGM of the Company held on 29 November 2017 (hereinafter referred to as the **"Previous Mandate"**).

The proposed Ordinary Resolution 8 is primarily to give a renewal mandate to the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be time consuming to organise a general meeting. The general mandate will provide flexibility and expediency to the Company for any possible fund raising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or working capital requirements, which the Directors of the Company consider to be in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate and accordingly, no proceeds were raised.

(d) Ordinary Resolution 9
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

This proposed Ordinary Resolution 9, if passed, will renew the authority given to the Company and/or its subsidiaries a mandate to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Detailed information of the Proposed Renewal of Shareholders' Mandate is set out in Part A of the Circular/Statement to Shareholders dated 31 October 2018 circulated together with this Annual Report.

(e) Ordinary Resolution 10
Proposed Renewal of Authority for the Company to Purchase its Own Shares

The proposed adoption of the Resolution 10, if passed, will renew the authority given to the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company.

Further information on the Proposed Renewal of Share Buy-Back is set out in Part B of the Circular/Statement to Shareholders dated 31 October 2018 circulated together with this Annual Report.

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FORM OF PROXY

TITIJAYA LAND BERHAD
(Company No. 1009114-M)

NO. OF SHARES HELD
CDS ACCOUNT NO.

I/We ______________________________________ (FULL NAME IN BLOCK LETTERS)

of ______________________________________ (FULL ADDRESS)

being a member of **TITIJAYA LAND BERHAD ("Company")**, hereby appoint ______________________ (FULL NAME IN BLOCK LETTERS)

of ______________________________________ (FULL ADDRESS)

or failing him/her ______________________________________ (FULL NAME IN BLOCK LETTERS)

of ______________________________________ (FULL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Classics 2, Level 3, Capital Block, Holiday Villa Hotel & Conference Centre Subang, 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 29 November 2018 at 10:00 a.m. or at any adjournment thereof.

My/Our proxy(ies) is/are to vote as indicated below:-

Resolutions	Agenda	FOR	AGAINST
1.	To approve the declaration of a final single-tier dividend of RM0.0025 per ordinary share for the financial year ended 30 June 2018.		
2.	To approve the payment of Directors' fees amounting to RM360,500.00 for the financial year ended 30 June 2018.		
3.	To approve the payment of Directors' benefits up to an amount of RM100,000.00 from 30 November 2018 until the next AGM of the Company in year 2019.		
4.	To re-elect Datuk Seri Ch'ng Toh Eng who retires in accordance with Article 81 of the Company's Articles of Association.		
5	To re-elect Lim Puay Fung who retires in accordance with Article 81 of the Company's Articles of Association.		
6.	To re-elect Chin Kim Chung who retires in accordance with Article 81 of the Company's Articles of Association.		
7.	To re-appoint Messrs. Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Board of Directors to determine their remuneration.		
As Special Business			
8.	Authority to Allot Shares pursuant to the Companies Act 2016.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
10.	Proposed Renewal of Authority for the Company to Purchase its Own Shares.		

Please indicate with a "X" in the space provided on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this ________day of ____________________2018.

____
Signature of Member/Common Seal

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at **23 November 2018** shall be eligible to attend the Meeting or appoint proxies to attend and/or vote in his/her stead.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a maximum of two (2) proxies to attend and vote in his stead. When a member appoints more than one (1) proxy, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to speak at the Meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), 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 under the hand of the appointor or his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the office of the Registrar of the Company at Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

PLEASE FOLD ALONG THIS LINE (1)

Postage
Stamp

The Registrar
TITIJAYA LAND BERHAD
(Company No. 1009114-M)

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan

PLEASE FOLD ALONG THIS LINE (2)

1300 22 9898

www.titijaya.com.my

TITIJAYA
LAND BERHAD
BUILT TO INSPIRE

TITIJAYA LAND BERHAD (1009114-M)

Head Office

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47500 Subang Jaya, Selangor Darul Ehsan, Malaysia
Fax: 03-8022 9888   Email: sales@titijaya.com.my