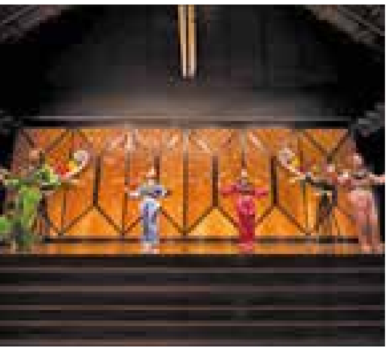
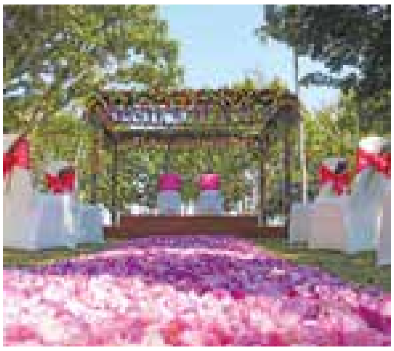
Karambunai Corp Bhd 6461-P

Towards Eco Destination

Annual Report 2017

Contents

www.karambunaicorp.com

www.nexusresort.com

www.bukitunggul.com

Corporate Information

BOARD OF DIRECTORS

Datuk Wan Kassim Bin Ahmed	(Chairman, Independent Non-Executive Director)
Chen Yiy Fon	(Chief Executive Officer, Non-Independent Executive Director)
Dato' Dr Mohd Aminuddin Bin Mohd Rouse	(Independent Non-Executive Director)
Lim Mun Kee	(Independent Non-Executive Director)

COMPANY SECRETARY

Yew Nyuk Kwei, MACS 01247

AUDIT COMMITTEE

Datuk Wan Kassim Bin Ahmed (Chairman)

Dato' Dr Mohd Aminuddin Bin Mohd Rouse

Lim Mun Kee

REMUNERATION COMMITTEE

Datuk Wan Kassim Bin Ahmed (Chairman)

Dato' Dr Mohd Aminuddin Bin Mohd Rouse

Chen Yiy Fon

NOMINATION COMMITTEE

Datuk Wan Kassim Bin Ahmed (Chairman)

Dato' Dr Mohd Aminuddin Bin Mohd Rouse

REGISTERED OFFICE

No. 9020, Nexus Drive West, Karambunai
Menggatal, 88450 Kota Kinabalu, Sabah
Malaysia
Tel : 088-411 111
Fax : 088-412 111

CORPORATE OFFICE

2nd Floor, No. 118, Jalan Semangat
46300 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7968 1222
Fax : 03-7958 4775

SHARE REGISTRAR

Semangat Corporate Resources Sdn Bhd
Ground Floor, No. 118, Jalan Semangat
46300 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7968 1001
Fax : 03-7958 8013

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 3115
Stock Name : KBUNAI

INVESTOR RELATIONS

Email : ir@karambunaicorp.com
Tel : 03-7968 1222
Fax : 03-7958 4775

AUDITORS

Messrs. UHY
Chartered Accountants

SOLICITORS

Messrs. Yap Chin & Tiu
Messrs. Lim Guan Sing & Co

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad

Management's Discussion And Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Karambunai Corp Bhd ("KCB" or the "Company" and together with its subsidiaries, "KCB Group") was incorporated in Malaysia on 30 December 1965 and was a publicly listed company since the year 1967. KCB is principally engaged in the business of investment holdings and provision of management services. Its subsidiary companies are principally involved in leisure and tourism business comprising resort hotel operation and management, golf and country club operation and management, travel and tour agency, property development, construction, project contractor and venture capital. For internal management reporting, KCB Group business is organised into three main business segments: (1) Leisure and Tourism; (2) Property Development and Construction; and (3) Management Services. The core assets of these business segments are briefly described below:-

KARAMBUNAI PENINSULA

KCB Group is one of the leading tourism players in the State of Sabah, East Malaysia. Its flagship asset is the 1,500 acres of land in Karambunai Peninsula.

Karambunai Peninsula is located in the State of Sabah, which is part of the exotic island of Borneo. The island of Borneo is the third largest island in the world and the largest island in Asia well known for its beautiful mountain peaks and rich rainforests that offer dynamic experiences to international leisure travelers. Karambunai Peninsula is situated approximately 30-kilometre north-east of the Kota Kinabalu city center. It lies within 3,835 acres of eco-sanctuary that is tucked away, yet, in the midst of civilisation. Blessed with a 6-kilometre stretch of white sandy beach, Karambunai Peninsula is a piece of paradise on earth nestled by the South China Sea on one end, rolling hills in the center and a natural cove on the other end. It is a natural perfection of white sandy beach, wetland, crystal blue cove, flatland, highland, rainforest and river.

Together with other landowners of Karambunai Peninsula, KCB Group plans to develop Karambunai Peninsula into a world-class eco-nature integrated resort ("IR"). The IR will be launched in phases and is now in the early stage of implementation. This IR project is well within the Sabah state government's Kinabalu Gold Coast Enclave development, an initiative aimed at transforming Sabah into an internationally recognised destination for business and leisure by year 2025.

Jewel in the crown, Karambunai Peninsula will continue to be the focus of KCB Group's eco-tourism development in the coming years. Completed developments within Karambunai Peninsula include: (a) Nexus Resort & Spa Karambunai, a 5-star luxury resort; (b) Precinct Dillenia Residence, a luxury 243 units beachfront pool villas and Spa suites; and (c) Nexus Golf Resort Karambunai, an 18-hole world-class golf course.

NEXUS RESORT & SPA KARAMBUNAI

Nexus Resort & Spa Karambunai ("Nexus Resort") is a luxury 5-star 485-room international-class resort hotel, combining elements of modern architecture with heritage Borneo design and style. Its luxurious guestrooms are housed in Ocean Wing and Borneo Wing. The Ocean Wing features 243 Ocean panorama deluxe and premier guestrooms, tastefully furnished and spread over five-storey with private balconies offering panoramic views of the South China Sea and the beautifully-landscaped gardens. The Borneo Wing is a private enclave of seven villa-styled two-storey buildings offering 236 sea and landscaped garden view guestrooms. Nexus Resort also features six Royal and Presidential Villas in a discrete and exclusive setting with private gardens and private swimming pools tucked away on one end of the resort at the starting point of the Karambunai white sandy beach.

Management's Discussion And Analysis

Nexus Resort enjoys all of the world-class facilities one would expect to find at a celebrated 5-star resort. It boasts a professional world-class golf course (Karambunai Golf); is home to the exclusive award winning Borneo Spa; a recreational lagoon park and water sports center; a surrounding 30-hectare natural park; world-class award-winning restaurants; Meetings, Incentives, Conventions and Exhibitions (MICE) facilities; and the serene 6-kilometre Karambunai white sandy beach. It has been recognised as a leading resort destination in Sabah and has, over the years, attracted many international leisure travelers from the European countries, Russia, China, Taiwan, Hong Kong, Japan, South Korea, Singapore and Australia.

KARAMBUNAI GOLF

Nexus Golf Resort Karambunai ("Karambunai Golf") is one of the premier golf courses in the island of Borneo, specifically in Kota Kinabalu, Sabah. It is located within walking distance of Nexus Resort & Spa Karambunai. Designed by the world renowned American golf course architect, Ronald Fream, Karambunai Golf is an international championship par 72, 18 holes golf course. It has established itself as one of the most popular golf courses in Sabah for its unique location and design which offers golfers a challenging and enjoyable experience. Nestled between the million year-old rainforest and the South China Sea, golfers can also enjoy the breathtaking views of Mount Kinabalu and Karambunai white sandy beach. The tract's key characteristics are undulating fairways and well-contoured greens, across a series of small lakes, waterways and hillocks ingeniously crafted to add to its varying degree of difficulty.

Over the years, Karambunai Golf has hosted many prestigious events and has won numerous awards including the readers voted award for the "Best Resort Golf Course in Malaysia", the "Best Golf Course in East Malaysia" and the "3rd Most Memorable Golf Course in Malaysia" in the 2007/2008 Golf Malaysia Magazine Poll.

BUKIT UNGGUL PROPERTY DEVELOPMENT

Bukit Unggul development comprises 1,375 acres of land situation in the Mukim of Dengkil, Selangor. Approximately 40 minutes' drive from Kuala Lumpur city center, Bukit Unggul is situated within the country's Multimedia Super Corridor, with close proximity to Kuala Lumpur International Airport (KLIA) and the federal administrative center of Malaysia (Putrajaya). The Group plans to develop Bukit Unggul into a resort style mixed development. Completed development includes the **Bukit Unggul Golf and Country Club** and the **Bukit Unggul Golf Course ("Bukit Unggul Golf")**, a 18-hole par-71 international class golf course. Designed by the world renowned American golf course architect, Ronald Fream, Bukit Unggul Golf is well known for its unique setting amongst a matured rainforest spread over rolling hills and a serene valley ambience. It is the most scenic golf course in the Klang Valley according to a reputable golf publication survey in recent year. Bukit Unggul Golf is a challenging hilly golf course that demands patience and skills, and is one of the favourite golfing destinations in the Klang Valley among local as well as expatriate golfers.

BANDAR SIERRA PROPERTY DEVELOPMENT

Bandar Sierra is a residential and commercial township mixed development located in Kota Kinabalu, Sabah. Comprising 415 acres, Bandar Sierra is strategically situated in the middle of a rapidly developing growth corridor and within close proximity to Nexus Resort & Spa Karambunai, Universiti Malaysia Sabah, the Sabah State's new federal administrative center, 1 Borneo Shopping Mall and Kota Kinabalu Industrial Park. The Group has delivered a total of 1,066 units of residential and commercial development. The Group's property development in Bandar Sierra has reached the tail end and we are now working on the final phase which is a 224-unit medium cost apartment.

Management's Discussion And Analysis

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEW

The Group saw a gradual recovery of its financial performance following two challenging financial years marked by the unprecedented aviation tragedies and a series of kidnapping incidents in the East coast of Sabah.

REVIEW OF FINANCIAL RESULTS

Revenue of the Group expanded by 55.6% to RM81.04 million for the financial year ended 31 March 2017 from RM52.09 million a year ago, attributable to higher revenue from both the leisure and tourism, and property development and construction segments. The property development and construction segment contributed RM22.93 million to the Group's revenue, an increase of 58.9% over last year. Such contribution, however, is not expected to recur as the Group's current on-going property development project is at the tail end and there were no new projects launches. The Group, thus, expects revenue from the property development segment to drop substantially in the ensuing financial year. On profitability, the Group registered a profit after taxation of RM18.89 million for the financial year ended 31 March 2017, from a loss after taxation of RM23.38 million a year earlier. The better performance was in line with higher revenue for the year, boosted by reversal of impairment loss on land held for property development and property plant and equipment amounting to RM5.56 million, and by a non-recurring gain on reversal of net provision for tax penalties amounting to RM15.46 million.

Review of the financial results by segment

	This Year		Last Year	
	Revenue RM'000	Profit/(loss) RM'000	Revenue RM'000	Profit/(loss) RM'000
Leisure and tourism	58,035	11,321	37,567	(7,844)
Property development and construction	22,933	22,651	14,431	(12,938)
Management services	77	(4,100)	96	(3,454)
	81,045	**29,872**	**52,094**	**(24,236)**

(i) on leisure and tourism segment, revenue for the financial year ended 31 March 2017 increased by 54.5% to RM58.04 million from RM37.57 million a year ago, driven largely by the continued improvement in the business of Nexus Resort & Spa Karambunai which recorded an increase of 78.2% to RM51.52 million from RM28.91 million in last year. On profitability, this segment recorded an operating profit of RM11.32 million, from a loss of RM7.84 million a year earlier, attributable largely to the improvement in the operating performance of Nexus Resort & Spa Karambunai which recorded higher occupancy and average room rate.

(ii) on property development and construction segment, revenue for the financial year ended 31 March 2017 expanded by 58.9% to RM22.93 million from RM14.43 million a year ago, driven mainly by the recognition of attributable revenue from Bandar Sierra development project, which contributed RM21.94 million to the Group's revenue. The project has been completed with 96% take-up rate as at the end of the financial year. On profitability, this segment recorded an operating profit of RM22.65 million for the financial year ended 31 March 2017 from an operating loss of RM12.94 million a year ago, largely on contribution from Bandar Sierra project amounting to RM9.81 million, and a non-recurring gain on reversal of net provision for tax penalties amounting to RM15.46 million.

(iii) on management services, venture capital and investment holdings segment, collectively known as management services, the operating loss for the financial year ended 31 March 2017 was slightly higher at RM4.10 million from RM3.45 million loss a year earlier, due largely to further unrealised foreign currency translation loss from a US dollar denominated loan.

Management's Discussion And Analysis

REVIEW OF FINANCIAL CONDITION

Liquidity and Capital Resources

The Group has RM850.05 million (2016: RM826.41 million) in shareholders' fund as at 31 March 2017, and as at that date, the current liabilities exceeded its current assets by RM98.30 million (2016: RM329.02 million). The Directors of the Company are, however, of the opinion that the Group will continue as a going concern and accordingly, the financial statements have been prepared on the going concern basis which assumes the Group will be able to generate sufficient cash flows either from operations or shareholder financial support to enable the Group to meet its obligations as and when they fall due.

Current Assets

Current assets of the Group as at financial year end stood at RM42.98 million, a slight drop when compared to RM44.88 million a year ago. The property development costs is zerorised as at the end of current financial year in line with the completion of Bandar Sierra development project.

Current Liabilities

The Group's current liabilities as at 31 March 2017 has reduced to RM141.28 million from RM373.90 million a year ago, attributed mainly to payments made during the financial year and a net reversal amounting to RM15.46 million in tax penalties provision following a full and final settlement of tax of a subsidiary company. The amount owing to a former director has been reclassified to amount owing to a shareholder under non-current liabilities and the amount has increased from RM137.39 million to RM194.98 million as the shareholder continues to make further advances to the Group to repay its liabilities. On taxation liability, the provision for taxation was at RM5.76 million as at 31 March 2017 (2016:RM47.13 million). The substantial drop in the provision for taxation when compared to that of last year was due to tax payment made during the financial year, offset by the current year tax addition of RM3.67 million.

Non-Current Liabilities

Non-current liabilities of the Group has increased to RM440.95 million as at 31 March 2017 from RM243.83 million a year ago. The increase is mainly due to the reclassification of liabilities from current to non-current on amount owing to a former director of RM137.39 million (now known as amount owing to a shareholder) and the further advances of RM57.59 million made during the year.

Bank Borrowing

The Group has bank borrowing amounting to RM7.15 million (2016: RM7.92 million) as at 31 March 2017. The reduction in the amount was attributed to the repayment during the financial year. The interest rate is fixed at 2.5% per annum but the Group is exposed to the exchange rate fluctuations risk as the bank borrowing is denominated in US dollar.

BUSINESS AND OPERATIONAL REVIEW

LEISURE AND TOURISM SEGMENT

Nexus Resort & Spa Karambunai

Nexus Resort & Spa Karambunai continues to see a gradual recovery in tourist arrivals. The number of room nights sold increased 73.7% to 115,906 room nights for the financial year from 66,730 room nights a year ago, registering a higher room occupancy rate at 68.5%. Operating revenue expanded by 78.2% to RM51.52 million from RM28.91 million, driven by the growing average room rate and room occupancy. Nexus Resort posted an operating profit before taxation of RM7.25 million for the year, from an operating loss of RM10.22 million in last year. The better performance is attributed to the initiatives started a few years ago on updating the resort with a phased refurbishment exercise to drive revenue, and initiatives to exercise disciplined cost and liquidity management.

On assets enhancement management, Nexus Resort commenced in year 2013 a phased refurbishment and modernisation exercise to refresh its product offerings. A total of 236 sea and garden view rooms at the Borneo Wing were refurbished in year 2013. Food and beverage outlets namely; the **Noble House** (*Chinese cuisine*), **The Penyu** (*all day dining*), **Kingfisher** (*Malaysian-style cuisine*), **Olives** (*Mediterranean fine-dining*) and **Sunset Bar** (*char-grilled favourites and pizzas*) were refurbished in year 2014, followed by the refurbishment of Ballroom and meeting facilities in year 2016. Nexus Resort is now in planning stage to renovate the entire 243 Ocean Wing rooms.

On operational improvement, Nexus Resort has in January 2017 obtained Halal Certifications on food produced by its banquet and pastry kitchen. We therefore are proud to inform that food produced by these kitchens are now complied with the Malaysian Halal Standard.

Management's Discussion And Analysis

Karambunai Golf

Karambunai Golf saw a gradual recovery in its business following a difficult year amidst the negative travel sentiments caused by the kidnapping incidents in the East coast of Sabah and the earthquake in Ranau, Sabah. The business environment throughout the current financial year under review was better than that of last year, especially in the second half of the financial year when the golf course playing conditions got better. The golf rounds increased 10.8% to 27,953 from 25,229 a year ago. Revenue for the year increased by 11.8% to RM3.42 million from RM3.06 million. Loss before taxation for the year narrowed by 45.3% to RM616,000 from RM1.12 million a year earlier. EBITDA for the year was positive at RM180,000 from a negative EBITDA of RM201,767 a year ago. Moving forward, Karambunai Golf will continue its initiatives to improve the golf course conditions, manage costs and enhance operational efficiency amidst an expected prolonged negative consumer sentiment post GST implementation.

Bukit Unggul Golf and Country Club

Bukit Unggul Golf continues its greens upgrade and landscape beautification program to bring the golf course conditions and quality to next level to be on par with world's famous golf courses. We are also working on improving the club facilities and amenities. These efforts have recently been recognised by the golf fraternity when Bukit Unggul Golf was voted one of the Top Three Most Improved Golf Courses by the inaugural People's Choice Award. The golf course is now well received and we are gaining popularity amongst the golfing fraternity with good compliments and positive feedbacks.

On financial performance, the golf play rounds were steadily maintained amidst a depressed market condition which was being weighed down by the diminishing purchasing power and softer job market. Golf rounds were down slightly at 37,405, as compared to 37,762 rounds in last year. Revenue for the financial year, however, increased 4.2% to RM4.73 million on right pricing strategy. Profit before taxation for the year was lower at RM566,000 as compared to RM688,902 a year ago due largely to some non-recurring expenses. Moving forward, we will continue to build on our competitive strength and to focus on improving the golf course, service level and marketing strategies.

PROPERTY DEVELOPMENT AND CONSTRUCTION SEGMENT

Bandar Sierra mixed development

The final phase of the Bandar Sierra mixed development which is a 224-unit medium cost apartment is progressing well, occupation certificate has been obtained and vacant possession given to the purchasers. We have sold 216 units (96%) and expect the remaining unsold units to be fully taken up in the next financial year. On financial performance, this final phase contributed RM21.94 million in revenue and an operating profit before taxation of RM9.81 million for the financial year ended 31 March 2017.

As Bandar Sierra development is at the tail end, the profit generated by this project in the current financial year is very much a one-off event and thus not expected to recur.

CORPORATE AFFAIRS

DIVIDEND

No dividend was paid during the financial year and the Board of Directors does not recommend any dividend payment for the current financial year under review.

PUBLIC SHAREHOLDING SPREAD

Following the unconditional voluntary take-over offer by Tan Sri Dr Chen Lip Keong (the "Offeror") as announced on 28 April 2016 and closed on 9 June 2016, the Offeror and party acting in concert collectively hold 79.28% of the total issued and fully paid up share capital of the Company as at the close of the offer on 9 June 2016. Consequently, the Company does not comply with the public shareholding spread requirements as set out in paragraph 8.02 (1) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which stipulates a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.

Currently, the percentage of the public shareholding spread of the Company is at 20.72%, and the Company has yet to identify any satisfactory plan to address the non-compliance with the required public shareholding spread. As announced by the Company on 21 June 2017, Bursa Securities has vide their letter dated 20 June 2017 granted the Company an extension of time of three months until 7 September 2017 to comply with the public shareholding spread requirements.

Management's Discussion And Analysis

MOVING FORWARD

Moving forward, the Group will continue to focus on its core business in the leisure and tourism, and property development. We will continue to review our business plan built on our competitive strengths amidst an overall challenging macro-economic outlook. The Group has made good progress in managing its balance sheet and in reducing operating losses with many initiatives to drive revenues, manage costs and improve operational efficiency. Certain operating units in the leisure and tourism segment have returned to show positive results and we will continue to pursue these initiatives in the ensuing financial year.

On leisure and tourism, last year was good for the Sabah tourism industry as the Chinese and Korean tourists returned after staying away in the wake of the aviation tragedies in year 2014 and the several kidnapping of tourist incidents. Nevertheless, the tourism industry outlook is expected to remain challenging. The Group will continue to step up marketing efforts and pricing strategy to improve the hotel occupancy. Nexus Resort & Spa Karambunai will continue the refurbishment plan to refresh its product offerings. Going forward the leisure and tourism segment will continue its focus on revenue enhancement and cost management. On revenue enhancement, the Group will further refine the market mix of its customers so as to balance yield and occupancy rate. To cushion the business seasonality inherent in the leisure and tourism industry, efforts will also be taken to expand the sales channels to widen the market reach and to build the corporate meetings and social functions business. On service excellence, we strive to stabilise and maintain an experienced and service oriented team who are committed to uphold a high standard of service excellence.

On property development, the property cooling measures have weighed on the market sentiments and we expect the property market activities to remain slow amidst the ongoing adjustments to the escalating cost of living, uncertain employment market and economic outlook. With the completion of Bandar Sierra development, the Group does not have any active on-going project as we move forward to next financial year. The development of Bukit Unggul land into a resort style mixed development and Karambunai Peninsula into a world-class eco-nature integrated resort will be the focus of the Group in the coming years. The eco-nature integrated resort will be designed to showcase the natural beauty of Karambunai Peninsula while complementing carefully designed development components and tourist attractions and activities. Positioned as an eco-nature, education and entertainment integrated resort, Karambunai Peninsula development is expected to be a high-yield project contributing to the economic growth of, and tourist arrivals to, Sabah. We are optimistic that the development will bode well for the Group in the longer term in its core business of leisure and tourism and property development.

The success and profitability of the business of the Group in the coming years, nevertheless, will depend on the market sentiments and the outlook and prospects of the Malaysian property market as well as the tourism industry in Sabah.

Thank You

CHEN YIY FON
Chief Executive Officer

Sustainability Statement

This sustainability statement reflects Karambunai Corp Berhad group of companies' ("KCB Group") management of material economic, environmental and social risks and opportunities, as guided by the sustainability reporting framework of Bursa Malaysia Securities Berhad.

KCB Group strives to uphold its corporate mission to cultivate a caring, responsible and accountable organisation. We are committed to carrying out our business in a socially responsible and sustainable manner so as to enhance the quality of life for every level of our society while pursuing business sustainability to create values for our shareholders and various other stakeholders.

ECONOMIC

KCB Group strives to maintain a sustainable business to continue its contribution to Malaysia's economic development. Our businesses created employment opportunities for Malaysians and contributed various taxes to the Government. KCB Group is one of the key players contributing to the tourism industry in Sabah. Nexus Resort & Spa Karambunai helped in generating foreign tourist arrivals to the State of Sabah, and hence, earning foreign tourism receipts for the country.

On property development, we build affordable housing for the well-beings of the local community. The financial year 2016/2017 saw the Group delivered 224 units of medium cost apartment in its Bandar Sierra development. This is an affordable housing project targeting the locals as purchasers. KCB Group is working on developing an eco-nature integrated resort in Karambunai Peninsula. This will be a world-class eco-nature integrated resort expected to be a high-yield tourism and property development project contributing to the economic growth of the State of Sabah.

ENVIRONMENTAL

KCB Group is committed to improving the environmental performance on all its business operations. Environmental element is an important aspect in all our resort and property development design and implementation.

Environmental Protection

On environmental protection, the Group has always adopted an environmentally friendly approach towards its resort operations. This includes policies implemented across the Group with objectives to minimise wastage, maximise energy-conservation, efficient and safe waste management in the proper disposal of waste materials, recycling of used materials and adopting environmentally friendly best-practices whenever possible to lessen water and air pollutions, global warming and climate change. In property development, the Group strives to adopt environmentally friendly technologies to protect and preserve the natural environment. We are exploring opportunities to use green and clean technologies and sustainable building materials in all our property development projects.

Ecological Safety

The Group is also committed to promote ecological safety in the development of its eco-nature integrated resort in Karambunai Peninsula. In designing the Karambunai masterplan, much consideration is being given to maintain and sustain the natural eco-system without adversely altering the natural dynamics of the living environment. We approach the eco-nature integrated resort development by finding the appropriate path to showcase both nature and development in a complementary and synergistic manner.

Sustainability Statement

SOCIAL

As part of our corporate values and social responsibility, KCB Group strives to improve the lives of all those it comes to contact with in the course of carrying out its businesses.

Community and Society

On community and society obligations, the Group is involved in philanthropic activities including organising activities for the less-fortunate children, blood donation drives, contribution towards charity homes, sponsorship for local and international events, cleaning up of public beach and creation of jobs for the local community. On 23 April 2017, Nexus Resort & Spa Karambunai organised its inaugural fundraising for charity event - "Nexus Charity Beach Run 2017". The Beach Run attracted more than 400 participants and all the proceeds raised will be donated to charitable organisations. Engagement in social activities is our Group's way of showing appreciation to the local community in which we operate our business.

Employees and Workplace

On KCB Group's employees and workplace, the Group recognises the importance of its employees as they play a pivotal role in bringing the Group to greater heights and sustainable growth. Key initiatives to further strengthen the organisation include providing a conducive working environment, workplace safety, employees' engagement in social gatherings, nurturing and retaining talented employees, job enrichment and succession planning, training and development, and recognises employees' rights, ethnicity and gender diversity.

Product Responsibility

KCB Group is committed to continually improving its management and operation systems to deliver superior services, products and experiences to its customers. On property development, we endeavor to ensure the concept of sustainability in living is incorporated in our master planning of resort and property development projects. On hotel and resort business, we ensure the highest safety standards are deployed to provide a safe and secure environment to all our guests patronising our resorts. We also strive to deliver quality services to ensure all our guests have a pleasant stay and memorable experience at our resorts.

Profile of the Board of Directors and Key Senior Management

DATUK WAN KASSIM BIN AHMED
Chairman, Independent Non-Executive Director

- Aged 67, Male, Malaysian
- Appointed to the Board on 20 October 1998 and as Chairman of the Board on 26 September 2012
- Chairman of the Audit, Remuneration and Nomination Committees
- Graduated with a Bachelor of Economics (Honours) from University of Malaya in 1973
- Began his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad. Joined Shamelin Berhad for 10 years before starting his own management consultancy firm, United Kadila Sdn Bhd in 1984. Served as a councillor for the Petaling Jaya Town Council between 1987 and 1991 and as a Board member of the Malaysian Tourist Development Board from 1992 to 1996
- Currently he is also a board member of FACB Industries Incorporated Berhad and Petaling Tin Berhad

CHEN YIY FON
Chief Executive Officer, Non-Independent Executive Director

- Aged 36, Male, Malaysian
- Appointed to the Board as Director and Chief Operating Officer on 1 August 2007, and assumed the position of Chief Executive Officer on 29 September 2010
- A member of the Remuneration Committee
- Graduated with a Bachelor of Arts in Economics from University of Southern California, Los Angeles
- Previously worked in Morgan Stanley, Los Angeles, California and Credit Suisse First Boston, Singapore
- Lead and primarily responsible for the business operations of Karambunai Corp Bhd group of companies
- Currently, he also serves as the Chief Executive Officer and Executive Director of Petaling Tin Berhad and Executive Director of FACB Industries Incorporated Berhad

Profile of the Board of Directors and Key Senior Management

DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE
Independent Non-Executive Director

- Aged 72, Male, Malaysian
- Appointed to the Board on 9 October 2009
- A member of the Audit, Remuneration and Nomination Committees
- Graduated with a B.Sc (Hons) in Biochemistry from University of Malaya in 1969 and obtained his Ph.D. in Biochemistry from the University of Adelaide in 1974
- Won numerous academic awards including the William Culross Award for Scientific Research from the University of Adelaide, International Foundation for Science Award from Sweden and the Fullbright Scholarship from USA
- An academician for 14 years having started as a lecturer in Universiti Pertanian Malaysia (now Universiti Putra Malaysia) in 1969 culminating his academic career as a dean and professor in Universiti Sains Malaysia in 1983
- Served Kumpulan Guthrie Berhad in year 1983 before joining Berjaya Group Berhad as its Group Executive Director in year 1994 and left Berjaya Group in September 1995 to become the Group Chief Executive Officer of Konsortium Perkapalan Berhad (now Konsortium Logistik Berhad) as well as the President and Chief Executive of PNSL Berhad
- Assumed in November 1997 the position of Executive Chairman, Indah Water Konsortium Sdn Bhd (IWK) and Deputy Chairman of its parent listed company, Prime Utilities Bhd, until the end of his tenure in October 2000
- Assumed from January 2001 the position of President & CEO of Malaysian Technology Development Corporation (MTDC), a venture capital company involved in the acquisition and transfer of technology, until the end of his tenure in December 2003
- Currently, sits on the Board of a number of public listed companies including Tanco Holdings Bhd, Ajiya Berhad, Managepay Systems Berhad and STAR Media Group Bhd and is also a Trustee of STAR Foundation, the charitable arm of the STAR. He is also a council member of Universiti Tunku Abdul Rahman (UTAR)

LIM MUN KEE
Independent Non-Executive Director

- Aged 50, Male, Malaysian
- Appointed to the Board on 25 August 2010
- A member of the Audit Committee
- A member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA)
- Started his career with KPMG Peat Marwick in 1989 and obtained his professional qualification in 1995. He has over 20 years of working experience in auditing, finance and accountancy field where he worked in several listed companies as Accountant, Financial Controller and Head of Internal Audit
- Currently, he is also a board member of FACB Industries Incorporated Berhad and Petaling Tin Berhad

Profile of the Board of Directors and Key Senior Management

LIM KAM CHOY
Chief Financial Officer

- Aged 50, Male, Malaysian
- Appointed as Vice-President - Finance in year 2012 and assumed the present position of Chief Financial Officer on 1 February 2017
- Holds a professional qualification in accounting (MICPA) and an MBA from University of South Australia
- A member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA)
- He has over 25 years of working experience. The first 12 years were with two Big 4 auditing firms; PriceWaterhouse (now known as PricewaterhouseCoopers) and Ernst & Young, followed by another 16 years in public listed companies holding senior management positions

Other information

1. Family Relationship

None of the Directors and Key Senior Management have any family relationship with any Director and/or major shareholder of the Company save for Mr Chen Yiy Fon who is the son of Tan Sri Dr Chen Lip Keong, a major shareholder of the Company.

2. Conflict of Interest

None of the Directors and Key Senior Management of the Company have any conflict of interest with the Group save for Mr Chen Yiy Fon, by virtue of his position as Chief Executive Officer of both Karambunai Corp Bhd and Petaling Tin Berhad where some of their subsidiaries are also involved in property development.

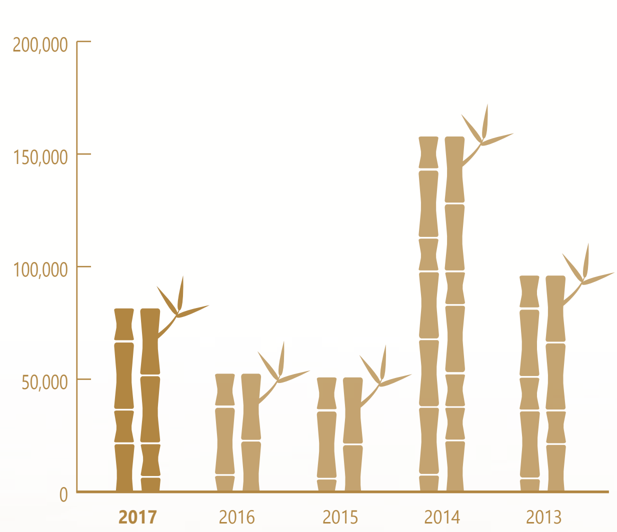
3. Conviction of Offences

None of the Directors and Key Senior Management of the Company have been convicted of offences within the past five (5) years other than on traffic offences, if any, or have been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

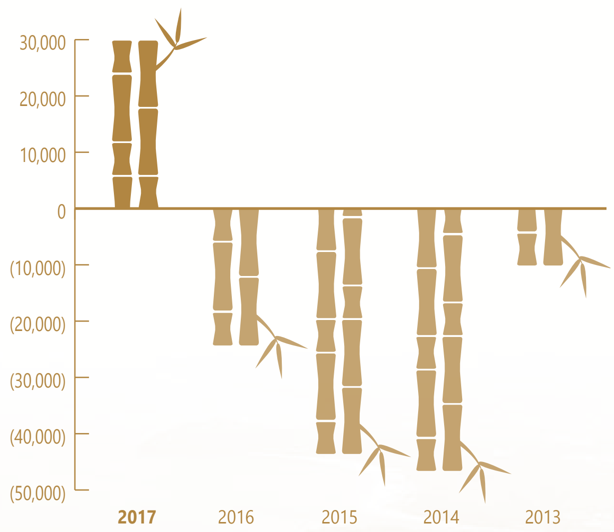
Financial Summary

RM	2017	2016	2015	2014	2013
Revenue	**81,045,432**	52,093,685	50,660,568	157,364,192	95,599,365
Profit/(Loss) Before Taxation	**29,872,186**	(24,235,730)	(43,498,236)	(46,482,793)	(10,000,849)
Total Assets	**1,432,279,129**	1,444,142,367	1,479,714,527	1,535,480,285	1,598,484,387
Total Liabilities	**582,226,581**	617,736,256	621,338,317	635,844,842	1,050,830,899
Total Equity	**850,052,548**	826,406,111	858,376,210	899,668,214	547,671,294
Net Assets Per Share (sen)	**14.72**	14.31	14.86	15.57	26.98
Earnings/(Loss) Per Share (sen)	**0.33**	(0.40)	(0.71)	(1.51)	(0.95)

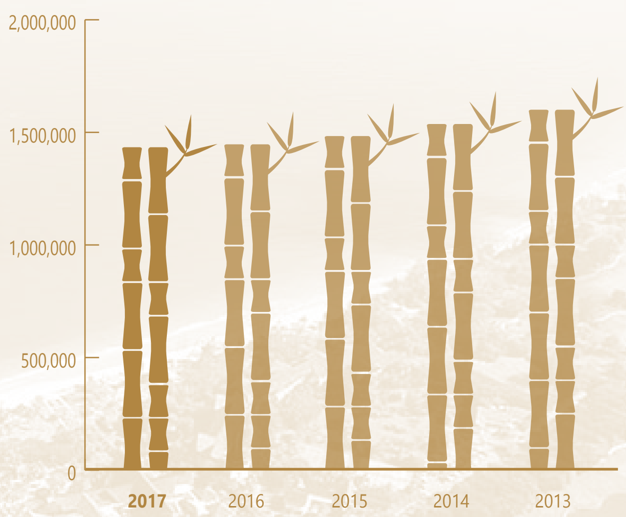
REVENUE (RM'000)



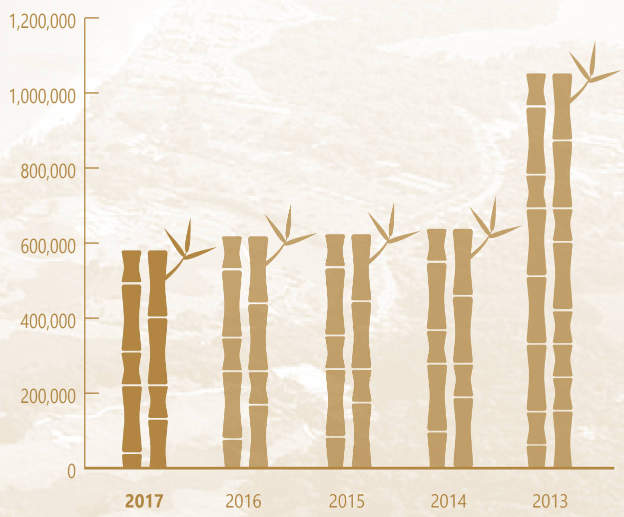
PROFIT/(LOSS) BEFORE TAXATION (RM'000)



TOTAL ASSETS (RM'000)



TOTAL LIABILITIES (RM'000)



Statement on Corporate Governance

PREAMBLE

The Board of Directors of Karambunai Corp Bhd is committed to its fiduciary responsibilities for sound corporate governance in its business management practices. Accordingly, the Board supports the Principles and Recommendations laid out in the Malaysian Code on Corporate Governance 2012 ("the Code") wherein disclosures pursuant to the Code is mandated under paragraph 15.25 of the Bursa Securities Main Market Listing Requirements.

In particular, the Company has complied with the Recommendations of the Code save for the recommendation that the tenure of Independent Directors should not exceed a cumulative term of nine years and the recommendation for individual disclosure of directors' remuneration packages (as detailed in Other Compliances Statement of this Annual Report), whereas the ensuing paragraphs narrate how the Company has applied the Principles of the Code.

BOARD OF DIRECTORS

The Board is responsible for, among others, supervising the affairs of the Group to ensure its success is within the acceptable risks. It reviews management performance and ensures that necessary resources are available to meet the Group's objectives. The Board has delegated day-to-day operational decisions to the executive directors and the management who are also responsible for monitoring daily operational matters.

The Board is assisted by Audit Committee, Nomination Committee and Remuneration Committee that operate within the defined terms of reference of each committee.

Board Charter

The Company has in place a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and senior management.

The Board Charter also outlines the roles and responsibilities of various Board Committees, the Chairman and the Chief Executive Officer/Management of the Company as well as policies and practices in respect of matters such as convening of Board and Board Committees' meetings. In short, the Board Charter covers among others the following:

- Constitution, Duties and Responsibilities of the Board
- Chairman and Chief Executive Officer's Respective Responsibilities
- Board and Board Committees' meeting procedures
- Relationship of the Board to Management
- Access to Timely and Quality information
- Access to Advice and Procedure
- Board committees including Audit Committee, Nomination Committee and Remuneration Committee's Responsibilities
- Shareholders – Investor Relations
- Appendices – Evaluation Mechanism/Framework

The Board Charter provides a basis for good governance, effective functioning and accountability of the Company. It also ensures that the Company and its subsidiaries are effectively led and controlled with the Board of Directors having the ultimate responsibility for maintaining the highest standards of integrity, accountability and corporate governance and acting in the interest of the Company as a whole. In particular, it includes the division of responsibilities and powers between the Board and management, the different committees established by the Board, and between the Chairman and the CEO.

The Board Charter is updated from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations. The Charter was last reviewed in 2016.

The Board Charter has wide coverage on the Group's operation and management and is viewable on the Company's website www.karambunaicorp.com.

Board Responsibilities

The Board is led by the Chairman Datuk Wan Kassim Bin Ahmed, a non-executive independent director. The principal duties and responsibilities of the Board is to effectively lead and control the Company. The Board is to oversee the performance of management in a collegial relationship that is supportive yet vigilant. It is also responsible for the Company's strategies, objectives, succession plan and accountability to shareholders.

The Board has clear roles and responsibilities in discharging its fiduciary and leadership functions and has established clear functions reserved for the Board and those that were delegated to the management which are embodied in the Board Charter.

Statement on Corporate Governance

All directors must act in the best interest of the Company and shall disclose to the Board of any potential conflict of interest as soon as he or she becomes aware of such interest.

The Board reviews the Group's budgets and business operations, identifies risks and ensures the existence of adequate internal control systems to manage risks. It reviews quarterly performance, the subsequent three months and long term plans during Board meetings. It provides inputs and views in developing the Group's business strategies and ensures the management has devoted sufficient time and resources and thorough thought in formulating the strategies.

Management

The Executive Directors and the management are responsible for developing corporate strategies and implementing policies of the Board while managing business operations. The management would table quarterly performance, strategic plans, risks and challenges as well as status of their execution to the Board for deliberation during Board meetings.

The Non-Executive Directors are independent of management, free of any business relationship and ensure that business plans, strategies and new inputs proposed are objectively evaluated. They provide constructive inputs from different perspectives in addition to acting as a form of check and balance for the Executive Directors and the management.

Code of Conduct

The Company has an established Code of Business Conduct in regulating employment and business administration, made available in an employee handbook. The Code of Business Conduct reflects the commitment of the Company to run a business that is ethical, fair, efficient and effective, aligned to its business standards. The Code of Business conduct however does not extend to a written policy on whistleblowing. The existing receptive organizational culture, anchored by a sound risk and internal control environment is deemed sufficient and proven to be effective in practice.

Board Meetings

The Company is led and controlled by an experienced Board with a wide range of expertise. Board members' judgements have a bearing on strategies, performances, resources and standards. Five (5) Board meetings were held during the financial year ended 31 March 2017 (with details of attendance presented under Other Compliances Statement of this Annual Report). In between scheduled meetings and where appropriate, Board decisions were effected via circular resolutions.

All Directors are committed and have devoted sufficient time to discharge their duties during the financial year. They are also accessible by the management on telephone calls for discussion on all matters affecting the Group. It is a practice that any director before accepting any new directorship would assure the Chairman that his or her time commitment and contribution to the Company would not be compromised.

The Board is provided with agenda of Board meeting and detailed information to enable them to deliberate in the meeting and make decisions. Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and circulated to the Board members.

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Bursa Securities Main Market Listing Requirements (minimum 50% attendance).

Board Composition

There were no new Board appointments during the financial year 2017. The Board currently consists of Four (4) members comprising one (1) Executive Director and three (3) Non-Executive Directors. Among the Non-Executive Directors, all three (3) are Independent, hence more than a third of the Board is independent. Meanwhile, the Board's composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies. The Executive Director has direct responsibility for business operations whereas Non-Executive Directors are responsible for bringing independent objective judgement to bear on Board deliberations.

With the inputs of the Nomination Committee, the Board annually examines its size and composition with a view to determine the impact of the number and make up on its effectiveness. The Board believes that the current size and composition is ideal to provide the necessary check and balance to the Board's decision-making process. The profiles of the Directors are set out under Profile for the Board of Directors and Key Senior Management of this Annual Report.

To ensure balance of power and authority, the roles of Chairman and Chief Executive Officer are distinct and separate. The Chairman is primarily responsible for ensuring the Board's effectiveness while the CEO is responsible for the efficient management of the business and operations. The Board has identified Datuk Wan Kassim Bin Ahmed as the Senior Independent Non-Executive Director, to whom concerns may be raised.

Statement on Corporate Governance

Board Independence

The Board conducts an annual assessment of the independence of its Independent Non-Executive Directors and is satisfied that they continue to bring independent and objective judgement to Board deliberations.

The Company's Independent Non-Executive Director, namely, Datuk Wan Kassim Bin Ahmed having served more than 9 years, constitutes a departure from the Code recommendations. The Board is of the opinion that this Director, as a result of his long tenure, possess valuable knowledge of the structure, controls and dynamics of the Company. The Board with recommendation of the Nomination Committee, therefore, recommends that Datuk Wan Kassim Bin Ahmed continues to serve as an Independent Non-Executive Director of the Company for another year.

Consequently, pursuant to Recommendation 3.3 of the Code, the Board seeks shareholders' approval to retain his designation as an Independent Director. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company, as he continue to be scrupulously independent in the discharge of his duties as a constructive challenger of executive management.

Board Diversity/Gender

The Board acknowledges the importance of Board diversity, including gender diversity, to the effective functioning of the Board. The Board endeavours to achieve diversification in terms of gender, ethnicity and age, underpinned by the overriding primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives.

Taking into consideration the nature and size of the current business operations and investments, the Board is of the view that the composition and structure of the Board should be maintained for the time being. Female representations will be considered when vacancies arise and suitable candidates are identified.

Continuing Education of Directors

Directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. All the Directors have fulfilled the Mandatory Accreditation Programme requirement.

Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

Board members were updated quarterly on global developments and trends in Corporate Governance principles and best practices besides local regulatory and capital market developments. During the financial year, the Directors attended an in-house training on:

1. Key Amendments to the Listing Requirements 2016; and,
2. Key Disclosure Obligations of a Listed Company.

Certain Directors also attended the Corporate Governance seminars organized by Bursa Malaysia Securities Berhad titled "The Cyber Security Threat and how Board should mitigate the Risks".

Apart from inputs from Directors, the training needs of the Directors will also be considered by the Nomination Committee. The Company Secretary will also re-direct email invitations on seminars, breakfast talks and briefings from Bursa and various professional bodies from time to time to the Directors and management for consideration and participation.

Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Company's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

Board meetings are held quarterly to deliberate inter-alia on the Company's corporate developments, financial results, business operations, risk management and internal audit reports with proceedings duly minuted and signed by the meeting Chairman.

During Board Meetings, management are required to furnish further details on any issues raised and to provide supplementary information at the Board's behest. The Board of Directors also have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. Directors may also seek briefings from the management or auditors on specific matters in addition to the regular presentations to the Board. At least one week prior to the Board meetings, the Directors are provided with the agenda together with Board papers containing reports and information relevant to the business of the meeting to enable sufficient timeframe to consider any matters arising.

Statement on Corporate Governance

The Directors whether as a full Board or in their individual capacity may obtain independent professional advice at the Company's expense in furtherance of their duties. In such a situation, a copy of the report or independent advice would be made available to the Chairman and all Directors for deliberation. No such Board matters were individually referred to external legal counsels for advice during the financial year ended 31 March 2017.

Company Secretary

The Company Secretary is a Certified Company Secretary under the Companies Act, 2016 and plays a supporting role to the Board to ensure adherence to the Board policies, procedures, Bursa Securities Main Market Listing Requirements and other compliance.

The Company Secretary maintains the statutory records in accordance with legal requirements, organizes and facilitates the convening of Board meetings, Board committee meetings, general meetings, in consultation with the Board members and the Chairman in particular.

The Company Secretary records, prepares and circulates minutes of meeting of the Board and Board Committees and ensures that the minutes are properly kept at the registered office of the Company and produced for inspection, if required. In addition, the Company Secretary also updates and circulates to the Board members amendments to the Listing Requirements, practices and guidance notes from Bursa Malaysia Securities Berhad which affect the Company and its business operations.

In particular, the Company Secretary carries out among others, the followings:

- attending Board and Board Committee meetings and ensuring that these meetings are properly convened and proceedings are properly recorded;
- ensuring that all appointments to the Board and Committees are properly made;
- maintaining records for the purposes of meeting statutory obligations;
- facilitating the ongoing provisions of information as may be requested by the Directors and supporting the Board in ensuring ongoing adherence to Board policies and procedures.

Board Committees

The Board has delegated specific responsibilities to Board Committees which comprise the Audit Committee, Nomination Committee and Remuneration Committee. These Committees operate within defined terms of reference and are limited to making recommendations to the Board for final decision on matters discussed and deliberated.

Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and were circulated promptly to the members of Board Committees.

Appointments to the Board

The Board had established a Nomination Committee with appropriate terms of reference on 25 February 2002. The members of the Committee, currently comprising wholly Independent Non-Executive Directors, are as follows:

1. Datuk Wan Kassim Bin Ahmed (Chairman)
2. Dato' Dr Mohd Aminuddin Bin Mohd Rouse

The Nomination Committee is chaired by a Senior Independent Director identified by the Board, thereby enhancing the Committee's overall effectiveness.

The Nomination Committee established by the Board, is responsible for screening, evaluating and recommending suitable candidates to the Board for appointment as Directors, as well as filling the vacant seats of the Board Committees. In respect of the appointment of Directors, the Company practised a clear and transparent nomination process which involves the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, final deliberation by the Nomination Committee and recommendation to the Board. The potential candidates may be proposed by an existing director, senior management staff, shareholders or third parties referrals. Upon completion of the assessment and evaluation of the proposed candidates, the Nomination Committee would make its recommendation to the Board. Based on the recommendation, the Board would evaluate and decide on the appointment of the proposed candidates.

The Nomination Committee has a formal assessment mechanism in place to assess on an annual basis, the effectiveness of the Board as a whole and the contribution of each individual director, including the Independent Non-Executive Directors. The Committee shall meet at least once a year. Additional meetings are held as and when required. During the financial year, the Committee met once on 16 February 2017.

At each meeting, the Nomination Committee considered the compositions of the Board and its committees as well as their performance. As a result of discussion, succession planning has become an area frequently visited to ensure it would not become a material risk to the Group.

The Board Charter which contains the assessment mechanism can be located on the Company's website www.karambunaicorp.com.

Re-election

In accordance with the Company's Constitution, all Directors are subject to retirement from office at least once in every three (3) years, but shall be eligible for re-election. This provision is not only consistent with the underlying principles of the Code, but also, fully in line with paragraph 7.26 (2) of the Bursa Securities Main Market Listing Requirements. The Constitution also provide that any director appointed during the year is required to retire and seek re-election at the following Annual General Meeting ("AGM") immediately after such appointment.

The Directors who are subject to re-election at the AGM will be assessed by the Nomination Committee on their performance whereupon recommendations will be submitted to the Board for decision on the proposed re-election of the Directors concerned for shareholders' approval at the forthcoming AGM.

DIRECTORS' REMUNERATION

Procedure

The Board had established a Remuneration Committee with appropriate terms of reference, on 25 February 2002. The primary objective of the Remuneration Committee is to assist the Board in developing and establishing competitive remuneration policies and packages in all its forms, while drawing advice from experts if deemed necessary. The Committee currently comprising a majority of Non-Executive Directors, are as follows:

1. Datuk Wan Kassim Bin Ahmed (Chairman)
2. Dato' Dr. Mohd Aminuddin Bin Mohd Rouse
3. Chen Yiy Fon

The Committee shall meet at least once a year. Additional meetings shall be scheduled if considered necessary by the Committee or Chairman. During the financial year, the Committee met once on 16 February 2017.

The Level and Make-up of Remuneration

The Committee's duty is to, inter-alia, review the remuneration framework and packages of newly appointed and existing Executive Directors and make recommendations to the Board for approval, with the underlying objective of attracting, motivating and retaining Directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance, business strategy and long term objective of the Company.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors abstain from discussion pertaining to their own remuneration.

Disclosure

The details of Directors' Remuneration for the financial year are summarised under Other Compliances Statement of this Annual Report.

SHAREHOLDERS

Dialogue between Company and Shareholders

The Company recognises the importance of keeping shareholders well informed of the Group's major corporate developments and events. The Board had directed the Company to disclose all relevant information to shareholders to enable them to exercise their rights. Such information is duly and promptly announced via Bursa Malaysia and other appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performances, issuance of circulars, press releases and holding of press conferences.

To further enhance transparency to all shareholders and stakeholders of the Company, the Group has established a website at www.karambunaicorp.com where shareholders can access information encompassing corporate information, financial highlights, annual reports and announcements via Bursa Malaysia Securities Berhad.

Statement on Corporate Governance

The Annual General Meeting ("AGM")

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Company. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Company's business.

The Company has taken active steps to encourage shareholder participation at general meetings such as serving notices for meetings earlier than the minimum notice period. The Chairman and members of the Board are available to respond to shareholders' queries during the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Company's position and prospects in its quarterly announcements and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is also included in this Annual Report.

Internal Control

The Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

Relationship with the Auditors

The Board via the establishment of an Audit Committee maintains a formal and transparent relationship with the Company's auditors and place great emphasis on the objectivity and independence of the Company's external auditors.

The roles of the Audit Committee in relation to the auditors in particular, and corporate governance in general, are detailed in the Audit Committee Report of this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 18 July 2017.

Statement on Risk Management and Internal Control

PREAMBLE

Pursuant to paragraph 15.26(b) of the Bursa Securities Main Market Listing Requirements, the Board of Directors is required to include in its Annual Report, a statement on the state of risk management and internal control of the Company. In making this Statement on Risk Management and Internal Control, it is essential to specifically address the Principles and Recommendations in the Malaysian Code on Corporate Governance ("the Code") which relate to risk management and internal control.

RESPONSIBILITY

The Board of Directors has overall stewardship responsibility for the Company's system of risk management and internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The associated companies have not been dealt with as part of the Company for the purpose of this statement.

INTERNAL CONTROL FRAMEWORK

The embedded control system is designed to facilitate achievement of the Company's business objectives. It comprises the underlying control environment, control procedures, communication and monitoring processes which manifest as follows:

- Organizational structure defining lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nomination and Remuneration Committees, the Board is supported by executive management operationally. These Committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.

- Policies, procedures and standards have been established, periodically reviewed and updated in accordance with changes in the operating environment.

- Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.

- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.

- Detailed justification and approval process for major projects and acquisitions imposed, to ensure congruence with the Company's strategic objectives.

- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

RISK MANAGEMENT FRAMEWORK

Besides primary ownership over effectiveness of the Company's internal control systems, the Board regards risk management as an integral part of the business operations. The Board recognizes its responsibility over the principal risks of various aspects of the Company's business. For long term viability of the Company, the Board acknowledges that, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Company confirms that there is an on-going process of identifying, evaluating, managing, monitoring and reporting significant risks affecting the achievement of the Company's business objectives via the establishment of an in-house structured risk management framework.

A Risk Advisory Committee ("RAC") comprising senior management personnel responsible, inter alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 25 February 2002.

Statement on Risk Management and Internal Control

In particular, the Company's risk management process is focused on the following objectives:

- risks arising from business strategies and activities are identified and prioritized by functional heads;
- management and the Board have determined the Company's risk appetite vis-à-vis the accomplishment of the Company's strategic plans;
- risk mitigation activities are designed and implemented to manage risks at an acceptable level sanctioned by management and the Board.

A key risk register would be prepared by management, tabled at the Audit Committee meeting for review and circulated to the Board for notation. The risk management process involves:

1. Establishment of objectives.
2. Identification of risks.
3. Analysis and evaluation of risks.
4. Treatment of risks.
5. Monitoring and review of risks.

The key risks identified include:

1. Quality life cycle of buildings.
2. Security, safety & health of guests.
3. Integrity of accounting and memorandum systems.
4. Statutory and regulatory compliances.
5. Corporate capital restructuring.

During the financial year, the RAC convened quarterly to monitor the Company's significant risks and recommended appropriate treatments. The Audit Committee facilitated by the internal audit function, establishes the adequacy and effectiveness of the Company's Risk Management Framework by reviewing quarterly, the resultant RAC risk registers.

INTERNAL AUDIT

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Company's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Company's risk management and internal control systems and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Company's major business sectors is routinely reviewed and approved by the Audit Committee.

Quarterly, the Board of Directors, through its Audit Committee, has reviewed the adequacy and effectiveness of the Company's risk management process and internal control systems and relevant actions have been or are being taken as the case may be, to remedy the internal control weaknesses identified from the reviews, which was largely based on the outcome of observations raised by internal auditors directly to the Audit Committee.

INTERNAL CONTROL ISSUES

Management maintains an ongoing commitment to strengthen the Company's control environment and processes. The Chief Executive Officer and the Chief Financial Officer have provided assurance to the Board that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control frameworks of the Company.

The management will continue and take measures to ensure the ongoing effectiveness and adequacy of the system of risk management and internal controls, so as to safeguard shareholders' investment and the Company's assets. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 18 July 2017 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements.

Audit Committee Report

PREAMBLE

Pursuant to paragraph 15.15 of the Bursa Securities Main Market Listing Requirements, the Board is required to prepare an Audit Committee Report for inclusion in its Annual Report.

COMPOSITION

For the financial year, the members of the Audit Committee, their respective designations and directorships are as follows:

Chairman

Datuk Wan Kassim Bin Ahmed
Independent Non-Executive Director

Members

Dato' Dr. Mohd Aminuddin Bin Mohd Rouse
Independent Non-Executive Director

Lim Mun Kee
Independent Non-Executive Director

TERMS OF REFERENCE

The primary objective of the Audit Committee (as a standing committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control. The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

The Terms of Reference comprising Purpose, Reporting responsibilities, Frequency of meetings, Quorum, Authority and Duties are detailed on the Company's website at www.karambunaicorp.com.

DETAILS OF MEETINGS

The Audit Committee met five (5) times during the financial year ended 31 March 2017 and details of attendance are as follows:

Datuk Wan Kassim Bin Ahmed	5/5
Dato' Dr. Mohd Aminuddin Bin Mohd Rouse	3/5
Lim Mun Kee	5/5

During the financial year, the relevant training attended by the above Directors are detailed in the Corporate Governance Statement of this Annual Report.

Audit Committee Report

SUMMARY OF AUDIT COMMITTEE WORK

In discharging its responsibilities for the financial year, the Audit Committee, in particular:

- Reviewed the quarterly and year end financial statements and made recommendations to the Board.
- Reviewed and approved the annual internal audit work plan.
- Deliberated over the internal audit and compliance reports, ensuring recommendations are carried out.
- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Group.
- Reviewed the Risk Advisory Committee report, ensuring adequacy and effectiveness of the Group's Risk Management Framework.
- Discussed and reviewed with the external auditors the results of their examination, their auditor's reports and management letters in relation to the audit and accounting issues arising from the audit.
- Conducted an annual assessment of the suitability and independence of the external auditors and thereafter made recommendations to the Board for their reappointment and subsequently sought shareholders' approval at the forthcoming Annual General Meeting.
- Reviewed the Group's compliance with regards to the Bursa Securities Main Market Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF INTERNAL AUDIT WORK

The Audit Committee is supported by an Internal Audit Department which reports directly to the Committee and is independent of the activities they audit. In meeting its responsibilities, the internal audit function is necessarily guided by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. In particular, risk based plans are established to determine the priorities of internal audit activities, consistent with the Group's goals. The cost incurred on this function which includes risk management and corporate governance was RM285,900.00 for the financial year. During the financial year, the Internal Audit Department conducted, inter alia, the following activities:

- Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- Analysed and assessed key business processes, report findings, and made recommendations to improve effectiveness and efficiency.
- Followed up on internal audit recommendations to ensure adequate implementation.
- Advised on the implementation of the Malaysian Code on Corporate Governance, Bursa Securities Main Market Listing Requirements and other regulatory requirements.
- Performed investigations and special review as requested by the Board and Management.
- Facilitated and reviewed the Group's risk management framework for adequacy and effectiveness, in tandem with the business environment.

This report is made in accordance with a resolution of the Board of Directors dated 18 July 2017.

Directors' Responsibility Statement

Pursuant to Paragraph 15.26(a) of the Bursa Securities Main Market Listing Requirements

The Directors are required by Malaysian company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of the results of their operations and cashflows for that period.

In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 2016.

They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 18 July 2017.

Other Compliances Statement

1. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held five (5) meetings, the attendance of which was as follows:-

	Directors	Attendance
1.	Datuk Wan Kassim Bin Ahmed	5/5
2.	Chen Yiy Fon	*4/5
3.	Dato' Dr Mohd Aminuddin Bin Mohd Rouse	3/5
4.	Lim Mun Kee	5/5
5.	Tan Sri Dr Chen Lip Keong (Retired on 26 August 2016)	*2/3

* Abstained from the Board of Directors' Meeting held on 3 May 2016

2. DIRECTORS' REMUNERATION

The aggregate remuneration of Directors for the financial year is categorised as follows:-

	Group			Company		
Description	Fees RM	Salaries and Other Emoluments RM	Total RM	Fees RM	Salaries and Other Emoluments RM	Total RM
Executive	-	523,904	523,904	-	125,000	125,000
Non-Executive	114,000	-	114,000	114,000	-	114,000
	114,000	523,904	637,904	114,000	125,000	239,000

The number of Directors whose remuneration falls in each successive band of RM50,000 are as follows:-

	Group		Company	
Range (RM)	Executive	Non-Executive	Executive	Non-Executive
50,000 & below	0	3	0	3
50,001 to 100,000	0	0	0	0
100,001 to 150,000	1	0	1	0
150,001 to 200,000	0	0	0	0
200,001 to 250,000	0	0	0	0
250,001 to 300,000	0	0	0	0
300,001 to 350,000	0	0	0	0
350,001 to 400,000	1	0	0	0
Total	**2**	**3**	**1**	**3**

The above disclosure is in compliance with the Bursa Securities Main Market Listing Requirements. Nevertheless, it represents a departure from the Principles of Corporate Governance of the Code, which prescribes individual disclosure of Directors' remuneration packages. The Board is of the opinion that individual disclosure would impinge upon the Directors' reasonable right to privacy whilst not significantly enhancing shareholders' information.

3. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposal during the financial year.

Other Compliances Statement

4. AUDIT AND NON - AUDIT FEES

The amounts of audit and non-audit fees paid or payable to the Company's auditors for the financial year:-

	Group RM	Company RM
Audit fees	210,400	35,000
Non-audit fees	5,000	5,000
	215,400	40,000

5. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors or major shareholders since the end of the previous financial year, save for the two shareholder advance agreements dated 1 December 2016 and 23 January 2017 entered into between Karambunai Corp Bhd ("KCB") and Tan Sri Dr Chen Lip Keong, a major shareholder of the Company, for the latter to advance RM51.31 million and US$403,621, respectively, (collectively known as the "Advances") to KCB to enable KCB Group to meet its payment obligations. The Advances are unsecured, interest free and shall be repaid within 12 months from the date of the agreement. The repayment period is extendable subject to mutual consent.

6. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no material recurrent related party transactions of a revenue nature during the financial year.

This statement is made in accordance with a resolution of the Board of Directors dated 18 July 2017.

Financial STATEMENTS

Directors' Report

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

Principal Activities

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

Financial Results

	Group RM	Company RM
Profit for the financial year	18,893,258	22,758,609

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Reserves and Provisions

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

Issue of Shares and Debentures

There were no issues of shares or debentures during the financial year.

Warrants 2013/2023

The principal terms of the Warrants 2013/2023 are disclosed in Note 17(b) to the financial statements.

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 until the date of this report are:

Datuk Wan Kassim Bin Ahmed
Tan Sri Dr Chen Lip Keong (retired on 26 August 2016)
Chen Yiy Fon
Dato' Dr Mohd Aminuddin Bin Mohd Rouse
Lim Mun Kee

Directors' Report

Directors' Interests

None of the Directors in office at the end of the financial year had any interest in shares or Warrants 2013/2023, whether direct or indirect, in the Company or its related corporations during the financial year save for Mr. Chen Yiy Fon by virtue of the shares and Warrants 2013/2023 in the Company held by his father, Tan Sri Dr Chen Lip Keong, who is a major shareholder of the Company.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in note 27(b) 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, other than certain Directors, if any, who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was 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.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) 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; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

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

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

  (iii) 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; or

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

(c) 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; or

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

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in note 6 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in note 27(a) to the financial statements.

Auditors

Messrs UHY retires at the forthcoming annual general meeting and does not wish to seek re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 July 2017

DATUK WAN KASSIM BIN AHMED **CHEN YIY FON**

KUALA LUMPUR

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 36 to 100 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 and of their financial performance and the cash flows for the financial year then ended.

The supplementary information set out in the note 40 to the financial statements on page 101 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 July 2017

DATUK WAN KASSIM BIN AHMED

CHEN YIY FON

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act, 2016

I, LIM KAM CHOY, being the officer primarily responsible for the financial management of Karambunai Corp Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 36 to 101 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.

Subscribed and solemnly declared by the abovenamed)
at PETALING JAYA in the state of Selangor Darul Ehsan)
on 18 July 2017)

LIM KAM CHOY

Before me,

WONG CHOY YIN (B508)
Commissioner for Oaths

Independent Auditors' Report

to the Members of Karambunai Corp Bhd. (Company No.: 6461-P) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Karambunai Corp Bhd which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 100.

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

Basis for opinion

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

Independence and Other Ethical Requirements

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 IESBA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (d) in the financial statements, which indicates that the Group recorded negative cash flows from operating activities of RM53,416,245, current liabilities exceeded its current assets by RM98,300,739 despite having a profit of RM18,893,258 during the financial year ended 31 March 2017. As stated in Note 2(d), these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Leasehold land at Bukit Unggul The Group owns 1,375 acres of leasehold land at Bukit Unggul whereby 116.1 acres were classified as property, plant and equipment (recorded at valuation by reference to the valuation report issued by the accredited independent valuer) and 1,258.9 acres were classified as land held for property development (recorded at cost less impairment loss). During the financial year the said land was revalued at RM168.8 million by independent valuer and the value of land were apportioned based on acreage method as follows: a) property, plant and equipment amounted to RM14.6 million (1% of Group's total assets) and; b) land held for property development amounted to RM154.2 million (10.8% of Group's total assets).	- Assessed the qualifications and independence of the relevant professional valuer by evaluate their relationship with the Company, scope of work and terms of engagement to determine whether there were any matters that might have affected their objectivity. - Evaluated the appropriateness of the significant assumptions and valuation method used by the valuer. - We selected a sample to test whether the assumptions used by valuer reflected the underlying property records held by the Group. - Assessed the adequacy of the disclosures in the financial statements.
Impairment review of amount owing by subsidiary companies Please refer to note 13 to the financial statements. The amount owing by subsidiary companies are mainly attributed by the subsidiary companies own the Group's land bank i.e. the investment holding companies. The carrying amount of the amount owing by subsidiary companies amounting to RM899 million as at the financial year end, which is approximately 70% of the Company's total assets. Impairment review was performed on these outstanding balances by comparing the carrying amount with the net assets of the subsidiary company and fair values of the land bank.	- We obtained an understanding of the Company's judgement in estimating the recoverable amount of the amount owing by the subsidiary companies. - We obtained the professional valuation report on the land bank owned by the subsidiary companies and assessed the qualifications and independence of the relevant professional valuer, through evaluation of their relationship with the Company, review the scope of work and terms of engagement to determine whether there were any matters that might have affected their objectivity. - Evaluated the appropriateness of the significant assumptions and valuation method used by the valuer. - We selected a sample to test whether the assumptions used by valuer reflected the underlying property records held by the Group. - Remeasured the net assets and recoverable amount of the relevant subsidiary companies and compared with the management's estimates. - Assessed the adequacy and reasonableness of the disclosures in the financial statements.

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 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 annual report 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

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

In preparing the financial statements of the Group and Company, the Directors are responsible for assessing the Group's and 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 and of the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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 the financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that the subsidiary companies of which we have not acted as auditors, are disclosed in note 6 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 in page 101 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

UHY
Firm Number: AF 1411
Chartered Accountants

NG LEONG TECK
Approved Number: 3168/12/17(J)
Chartered Accountant

KUALA LUMPUR
18 July 2017

Statements of Financial Position

As at 31 March 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**934,551,624**	949,023,054	**182,413**	258,090
Land held for property development	5	**439,752,943**	435,237,094	**-**	-
Investment in subsidiary companies	6	**-**	-	**390,081,211**	807,262,338
Available-for-sale financial assets	7	**60,000**	60,000	**60,000**	60,000
Goodwill	8	**14,937,416**	14,937,416	**-**	-
		1,389,301,983	1,399,257,564	**390,323,624**	807,580,428
Current assets					
Property development costs	9	**-**	4,815,572	**-**	-
Inventories	10	**4,758,640**	6,061,504	**-**	-
Trade receivables	11	**8,873,826**	7,058,369	**-**	-
Other receivables	12	**6,203,471**	8,214,761	**56,400**	56,400
Amounts owing by subsidiary companies	13	**-**	-	**899,047,848**	827,504,074
Fixed deposits with licensed banks	14	**9,363,683**	5,185,715	**-**	-
Cash and bank balances		**13,777,526**	13,548,882	**27,340**	2,668,111
		42,977,146	44,884,803	**899,131,588**	830,228,585
Total assets		**1,432,279,129**	1,444,142,367	**1,289,455,212**	1,637,809,013
EQUITY					
Equity					
Share capital	15	**577,658,769**	577,658,769	**577,658,769**	577,658,769
Share premium	16	**77,959,301**	77,959,301	**77,959,301**	77,959,301
Reserves	17	**194,434,478**	170,788,041	**381,476,052**	358,717,443
Total Equity		**850,052,548**	826,406,111	**1,037,094,122**	1,014,335,513
LIABILITIES					
Non-current liabilities					
Finance lease liabilities	18	**306,598**	299,969	**47,601**	93,401
Bank borrowing	19	**4,466,571**	6,332,006	**-**	-
Other payables	20	**205,659,613**	9,255,272	**194,981,386**	-
Deferred tax liabilities	21	**230,515,914**	227,945,741	**-**	-
		440,948,696	243,832,988	**195,028,987**	93,401

Statements of Financial Position
As at 31 March 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Current liabilities					
Trade payables	22	**49,931,397**	59,016,878	**-**	-
Other payables	20	**81,263,890**	126,684,064	**6,971,975**	8,269,347
Amount owing to a former Director	23	**-**	137,393,647	**-**	137,393,647
Amounts owing to subsidiary companies	13	**-**	-	**50,280,783**	477,638,474
Finance lease liabilities	18	**251,213**	661,526	**45,800**	44,000
Deferred income		**1,247,431**	1,274,691	**-**	-
Bank borrowing	19	**2,679,943**	1,583,002	**-**	-
Provisions	24	**143,108**	161,558	**33,545**	34,631
Taxation		**5,760,903**	47,127,902	**-**	-
		141,277,885	373,903,268	**57,332,103**	623,380,099
Total liabilities		**582,226,581**	617,736,256	**252,361,090**	623,473,500
Total equity and liabilities		**1,432,279,129**	1,444,142,367	**1,289,455,212**	1,637,809,013

The accompanying notes form an integral part of the financial statements

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 March 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	25	**81,045,432**	52,093,685	-	-
Direct costs	26	**(38,216,970)**	(36,466,759)	-	-
Gross profit		**42,828,462**	15,626,926	-	-
Other income		**31,453,692**	3,460,586	**26,113,776**	23,100,694
Selling and distribution costs		**(1,773,983)**	(1,062,825)	-	-
Administrative costs		**(29,957,285)**	(33,616,287)	**(2,532,711)**	(2,230,288)
Other costs		**(12,645,364)**	(8,551,183)	**(817,880)**	(7,519,653)
		(44,376,632)	(43,230,295)	**(3,350,591)**	(9,749,941)
Profit/(Loss) from operations		**29,905,522**	(24,142,783)	**22,763,185**	13,350,753
Finance costs		**(33,336)**	(92,947)	**(4,576)**	(6,376)
Profit/(Loss) before tax	27	**29,872,186**	(24,235,730)	**22,758,609**	13,344,377
Income tax expense	28	**(10,978,928)**	859,990	-	-
Profit/(Loss) for the financial year		**18,893,258**	(23,375,740)	**22,758,609**	13,344,377
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operation		**10,793**	10,991	-	-
Items that may not be reclassified subsequently to profit or loss					
Adjustment of deferred tax on asset revaluation reserve		**4,742,386**	-	-	-
Revaluation deficit on land and buildings		-	(18,486,727)	-	-
Income tax relating to components of other comprehensive income		-	4,436,815	-	-
Effect on change in tax rate		-	5,444,562	-	-
		4,742,386	(8,605,350)	-	-
Other comprehensive income for the financial year		**4,753,179**	(8,594,359)	-	-
Total comprehensive income for the financial year		**23,646,437**	(31,970,099)	**22,758,609**	13,344,377

		Group	
		2017	2016
	Note	RM	RM
Profit/(Loss) per share			
Basic profit/(loss) per share (sen):			
Profit/(Loss) from continuing operations	29	**0.33**	(0.40)
Diluted profit/(loss) per share (sen):			
Profit/(Loss) from continuing operations	29	**0.33**	(0.40)

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

For the financial year ended 31 March 2017

	Attributable to Owners of the Parent							
	Non-Distributable							
	Share Capital RM	Share Premium RM	Capital Reserve RM	Warrant Reserve RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total Equity RM
Group								
At 1 April 2016	**577,658,769**	**77,959,301**	**269,918,289**	**69,529,543**	**199,023,282**	**(2,862,364)**	**(364,820,709)**	**826,406,111**
Comprehensive income								
Profit for the financial year	-	-	-	-	-	-	18,893,258	18,893,258
	-	-	-	-	-	-	18,893,258	18,893,258
Other comprehensive income								
Foreign currency translation	-	-	-	-	-	10,793	-	10,793
Adjustment of deferred tax on asset revaluation reserve	-	-	-	-	4,742,386	-	-	4,742,386
	-	-	-	-	4,742,386	10,793	-	4,753,179
Total comprehensive income for the financial year	-	-	-	-	4,742,386	10,793	18,893,258	23,646,437
At 31 March 2017	**577,658,769**	**77,959,301**	**269,918,289**	**69,529,543**	**203,765,668**	**(2,851,571)**	**(345,927,451)**	**850,052,548**

Statements of Changes in Equity

For the financial year ended 31 March 2017

	Attributable to Owners of the Parent							
	Non-Distributable							
	Share Capital RM	Share Premium RM	Capital Reserve RM	Warrant Reserve RM	Asset Revaluation Reserve RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total Equity RM
Group								
At 1 April 2015	577,658,769	77,959,301	269,918,289	69,529,543	207,628,632	(2,873,355)	(341,444,969)	858,376,210
Comprehensive income								
Loss for the financial year	-	-	-	-	-	-	(23,375,740)	(23,375,740)
	-	-	-	-	-	-	(23,375,740)	(23,375,740)
Other comprehensive income								
Foreign currency translation	-	-	-	-	-	10,991	-	10,991
Revaluation deficit on land and buildings	-	-	-	-	(18,486,727)	-	-	(18,486,727)
Income tax relating to components of other comprehensive income	-	-	-	-	4,436,815	-	-	4,436,815
Effect on change in tax rate	-	-	-	-	5,444,562	-	-	5,444,562
	-	-	-	-	(8,605,350)	10,991	-	(8,594,359)
Total comprehensive income for the financial year	-	-	-	-	(8,605,350)	10,991	(23,375,740)	(31,970,099)
At 31 March 2016	577,658,769	77,959,301	269,918,289	69,529,543	199,023,282	(2,862,364)	(364,820,709)	826,406,111

Statements of Changes in Equity
For the financial year ended 31 March 2017

	Attributable to Owners of the Parent					
	Non-Distributable					
	Share Capital RM	Share Premium RM	Capital Reserve RM	Warrant Reserve RM	Retained Earnings RM	Total Equity RM
Company						
At 1 April 2016	577,658,769	77,959,301	269,918,289	69,529,543	19,269,611	1,014,335,513
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	22,758,609	22,758,609
At 31 March 2017	**577,658,769**	**77,959,301**	**269,918,289**	**69,529,543**	**42,028,220**	**1,037,094,122**
At 1 April 2015	577,658,769	77,959,301	269,918,289	69,529,543	5,925,234	1,000,991,136
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	13,344,377	13,344,377
At 31 March 2016	577,658,769	77,959,301	269,918,289	69,529,543	19,269,611	1,014,335,513

The accompanying notes form an integral part of the financial statements

Statements of Cash Flows

For the financial year ended 31 March 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Cash Flows From Operating Activities					
Profit/(Loss) before tax		**29,872,186**	(24,235,730)	**22,758,609**	13,344,377
Adjustments for:					
Bad debts recovered		**-**	(94,442)	**-**	-
Depreciation of property, plant and equipment		**14,166,592**	15,628,830	**79,224**	94,729
Finance lease interest		**33,336**	92,947	**4,576**	6,376
(Gain)/Loss on disposal of property, plant and equipment		**(35,019)**	27,698	**-**	-
Impairment loss on:					
- investment in subsidiary companies		**-**	-	**22,161**	7,499,999
- land held for property development		**77,515**	-	**-**	-
- receivables		**20,521**	641,126	**-**	-
Interest income		**(658,452)**	(505,947)	**(99,240)**	(227,024)
Loss on foreign exchange:					
- Realised		**29,263**	-	**-**	-
- Unrealised		**2,668,089**	1,125,402	**48,836**	-
Reversal of impairment loss on:					
- amounts owing by subsidiary companies		**-**	-	**(24,703,825)**	(22,823,930)
- land held for property development		**(4,877,892)**	-	**-**	-
- property, plant and equipment		**(683,705)**	-	**-**	-
- receivables		**(72,173)**	(244,082)	**-**	-
Reversal of leaseback rental		**(211,717)**	(217,485)	**-**	-
(Reversal of)/provision for tax interests and penalties		**(15,460,815)**	3,935,899	**-**	-
Utilisation of employees' benefits, net		**(18,450)**	(44,396)	**(1,086)**	(4,075)
Write-off of:					
- bad debts		**13,917**	263,947	**-**	-
- deposits		**12,055**	-	**-**	-
- inventories		**6,344**	7,852	**-**	-
- investment in subsidiary companies		**-**	-	**-**	1
- land held for property development		**8,931,510**	824,842	**-**	-
- property, plant and equipment		**47,112**	26,784	**3,944**	19,512
		33,860,217	(2,766,755)	**(1,886,801)**	(2,090,035)
Changes in working capital:					
Property development costs and land held for property development		**4,898,648**	9,241,761	**-**	-
Inventories		**1,296,520**	56,779	**-**	-
Receivables		**221,513**	(5,538,709)	**-**	7,400
Payables		**(49,301,912)**	(861,473)	**(2,246,200)**	99,792
Cash (used in)/from operation		**(9,025,014)**	131,603	**(4,133,001)**	(1,982,843)
Income tax paid		**(45,016,347)**	(6,098,161)	**-**	-
Interest paid		**(33,336)**	(92,947)	**(4,576)**	(6,376)
Interest received		**658,452**	505,947	**99,240**	227,024
Net cash used in operating activities		**(53,416,245)**	(5,553,558)	**(4,038,337)**	(1,762,195)

Statements of Cash Flows

For the financial year ended 31 March 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Cash Flows From Investing Activities					
Additions to land held for property development		**6,272,146**	-	**-**	-
Additional investment in subsidiary companies		**-**	-	**449,996**	-
Additions of pledged fixed deposits		**(160,275)**	(159,821)	**-**	-
Proceeds from disposal of property, plant and equipment		**35,025**	128,452	**-**	-
Purchase of property, plant and equipment	**4(a)**	**(3,611,323)**	(436,609)	**(7,491)**	-
Net cash from/(used in) investing activities		**2,535,573**	(467,978)	**442,505**	-
Cash Flows From Financing Activities					
Advances from a former Director, net		**-**	6,739,311	**-**	6,739,311
Advances from a major shareholder		**57,587,739**	-	**57,587,739**	-
Advances/Repayment to subsidiary companies, net		**-**	-	**(56,588,678)**	(11,845,185)
Repayment of finance lease liabilities		**(683,684)**	(886,386)	**(44,000)**	(42,200)
Repayment of bank borrowing		**(1,787,839)**	-	**-**	-
Net cash from/(used in) financing activities		**55,116,216**	5,852,925	**955,061**	(5,148,074)
Foreign currency translation differences		**10,793**	10,991	**-**	-
Net increase/(decrease) in cash and cash equivalents		**4,246,337**	(157,620)	**(2,640,771)**	(6,910,269)
Cash and cash equivalents at beginning of the financial year		**14,120,238**	14,277,858	**2,668,111**	9,578,380
Cash and cash equivalents at end of the financial year	**30**	**18,366,575**	14,120,238	**27,340**	2,668,111

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at No. 9020, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia.

The principal activities of the Company are engaged in the business of investment holdings and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 11	Accounting for Acquisitions of interests in Joint Operations
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012–2014 Cycle	

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Asset for Unrealised losses	1 January 2017
Annual Improvements to FRSs 2014-2016 Cycle		
• Amendments to FRS 12		1 January 2017
• Amendments to FRS 1		1 January 2018
• Amendments to FRS 128		1 January 2018

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
Amendments to FRS 4	Applying FRS 9 *Financial Instruments* with FRS 4 *Insurance Contracts*	1 January 2018 *
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* *Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of FRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement.*

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Company is currently examining the financial impact of adopting MFRS 9.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 March 2019. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 March 2017 could be different if prepared under the MFRS Framework.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

There are no significant areas of estimation uncertainty and critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

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

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

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

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

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 9.

Useful lives of property, plant and equipment (Note 4)
The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Income taxes
Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2017, the Group has tax payable of RM5,760,903 (2016 : RM47,127,902).

Inventories valuation
Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of investments in subsidiary companies
The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6.

Impairment of goodwill on consolidation
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The impairment assessment of goodwill is disclosed in Note 8.

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 11, 12 and 13 respectively.

Contingent liabilities
Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 34.

Estimation of fair values of property, plant and equipment
The Group adopts revaluation policy for its land and buildings. The Group engaged independent valuation specialists to determine the fair values with the latest being 17 April 2017 for the leasehold land at Bukit Unggul, and 18 April 2016 for leasehold land at Karambunai and Hotel property. The fair values were determined primarily using the following valuation method:

(i) Hotel property - the fair value was determined by adopting the cost method as the primary method of the valuation and adopts the direct comparison methods to cross check.

(ii) Leased/leasehold land at Karambunai Sabah - the fair values were determined using the Discounted Cash Flows and the Residual methods. Comparison method has not been adopted to determine the fair values since there is limited comparable land sales recently transacted in the area where the land are located. In applying the Discounted Cash Flows and Residual methods, the independent valuation specialist has made several assumptions and applied suitable market conventions and appropriate valuation parameters.

(iii) Leasehold land at Bukit Unggul, Selangor - the fair values was determined using the Comparison method which compares the subject property with similar type of potential development lands and entails the analysis of recent sales of similar properties in the locality. In applying the Comparison Method, the independent valuation specialist has made several adjustments for differences in location, shape, size, terrain, surrounding areas, development potential or status and other relevant factors.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 35(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

(d) Going concern assumption

The Group recorded negative cash flows from operating activities of RM53,416,245 (2016: RM5,553,558), current liabilities exceeded its current assets by RM98,300,739 (2016: RM329,018,465) despite incurred a net profit of RM18,893,258 (2016: net loss of RM23,375,740) for the financial year ended 31 March 2017.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group to continue as going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The validity of the going concern assumption is dependent upon the ability of the Group to generate sufficient cash flow from its operation as well as the continuing financing support from the major shareholder to the Group to enable the Group to continue as a going concern. Subsequent to the financial year end, the Group has obtained advances from the major shareholder of approximately RM29 million for working capital purposes.

At the date of this report, there is no reason for the Directors to believe that the preparation of financial statements of the Group on a going concern basis is inappropriate. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group is unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 Financial Instruments: Recognition and Measurement either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group of companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j).

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(j) to the financial statements on impairment of non-financial assets.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of property, plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Long term leasehold land	Over remaining leasehold period of 99 to 999 years
Hotel property	50 years
Golf course and its related buildings	10 years
Office buildings, shoplots, and jetty	10 – 50 years
Plant and machinery	4 – 10 years
Furniture and fittings, partition and renovation, computer and plant and machinery	3 – 10 years
Motor vehicles	4 – 6 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Land held for property development

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

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

(d) Property development costs

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

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

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 development costs on properties sold are recognised as an expense in the period in which they are incurred.

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

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

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

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials, consumables: Costs of dry goods are determined on weighted average basis. Costs of wet goods are determined on first-in-first-out basis.
- Trading merchandise: Costs are determined on first-in-first-out basis.
- Completed development properties: Cost of unsold completed properties is determined on specific identification basis and comprises attributable land and development expenditure incurred up to completion of the properties.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method 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 from 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.

Investment 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 impairment loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific 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.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, 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 recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Offsetting of Financial Instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax 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 asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (Cont'd)

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost
To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

Available-for-sale financial assets
Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Unquoted equity securities carried at cost
If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the Group's share of net assets or the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(k) Share capital

Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(l) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of comprehensive income net of any reimbursement.

(m) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(n) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

<u>As Lessee</u>

(i) Finance lease

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Leases (Cont'd)

As Lessee (Cont'd)

(i) Finance lease (Cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

(ii) Operating lease

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

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

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

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(o) Revenue

(i) Development properties/construction contracts

Revenue from sales of properties under development from contract works undertaken are recognised in profit or loss on the percentage of completion basis where the outcome of the developments contracts can be reliably estimated. The percentage of completion basis is computed based on proportion of which the development costs and the contract costs incurred for work performed to date bear to the estimated total development and contract costs respectively.

(ii) Hotel and golf operations

Revenue from the provision of rooms, food and beverage, other department sales, landing services fees and golf related income are recognised when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue (Cont'd)

(iii) Sales of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iv) Subscription fees

Subscription fees received from club members are recognised on an accrual basis. When members account become inactive, subscription fee is suspended until it is realised on a cash basis. Members' accounts are deemed to be inactive where subscriptions are in arrears for more than 6 months.

(v) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(vi) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(vii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(viii) Land sold

Revenue from sale of land and completed landed properties is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risk and reward of ownership have been transferred to the buyer.

(p) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

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

(r) Income tax

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

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

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

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

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

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

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. PROPERTY, PLANT AND EQUIPMENT

	Long term Leasehold Land RM	Hotel Property RM	Golf-course, Shoplots, Office Buildings & Jetty RM	Furniture & Fittings, Partition & Renovation, Computer & Plant & Machinery RM	Motor Vehicles RM	Total RM
	At valuation		At cost			
Group						
2017						
Cost or valuation						
At 1 April 2016	635,343,589	296,000,000	29,445,692	61,798,945	6,696,809	1,029,285,035
Additions	-	-	2,885,414	428,321	577,588	3,891,323
Disposals	-	-	-	(2,999)	(225,219)	(228,218)
Write-off	-	-	(9,965)	(5,068,766)	(36,550)	(5,115,281)
Transfer to land held for property development (Note 5)	(4,832,748)	-	-	-	-	(4,832,748)
Elimination of accumulated depreciation on revaluation	(2,312,194)	-	-	-	-	(2,312,194)
At 31 March 2017	**628,198,647**	**296,000,000**	**32,321,141**	**57,155,501**	**7,012,628**	**1,020,687,917**
Accumulated Depreciation						
At 1 April 2016	2,110,777	-	9,378,538	46,398,847	6,122,188	64,010,350
Charge for the year	4,566,322	5,540,272	568,373	3,254,137	237,488	14,166,592
Disposals	-	-	-	(2,998)	(225,214)	(228,212)
Write-off	-	-	(2,368)	(5,029,253)	(36,548)	(5,068,169)
Elimination of accumulated depreciation on revaluation	(2,312,194)	-	-	-	-	(2,312,194)
At 31 March 2017	**4,364,905**	**5,540,272**	**9,944,543**	**44,620,733**	**6,097,914**	**70,568,367**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Long term Leasehold Land RM	Hotel Property RM	Golf-course, Shoplots, Office Buildings & Jetty RM	Furniture & Fittings, Partition & Renovation, Computer & Plant & Machinery RM	Motor Vehicles RM	Total RM
	At valuation		At cost			
Group (Cont'd)						
2017						
Accumulated Impairment Loss						
At 1 April 2016	16,251,631	-	-	-	-	16,251,631
Revaluation surplus	(683,705)	-	-	-	-	(683,705)
At 31 March 2017	15,567,926	-	-	-	-	15,567,926
Net Carrying Amount						
At 31 March 2017	**608,265,816**	**290,459,728**	**22,376,598**	**12,534,768**	**914,714**	**934,551,624**
Group						
2016						
Cost or valuation						
At 1 April 2015	689,547,288	300,000,000	29,440,222	62,404,047	7,272,448	1,088,664,005
Additions	-	-	5,470	427,138	4,001	436,609
Disposals	-	-	-	(428,282)	(433,994)	(862,276)
Write-off	-	-	-	(603,958)	(145,646)	(749,604)
Elimination of accumulated depreciation on revaluation	(18,285,988)	(21,430,984)	-	-	-	(39,716,972)
Revaluation (deficit)/surplus	(35,917,711)	17,430,984	-	-	-	(18,486,727)
At 31 March 2016	635,343,589	296,000,000	29,445,692	61,798,945	6,696,809	1,029,285,035
Accumulated Depreciation						
At 1 April 2015	15,622,341	15,941,506	8,253,217	43,288,765	6,421,609	89,527,438
Charge for the year	4,774,424	5,489,478	1,125,321	3,959,398	280,209	15,628,830
Disposals	-	-	-	(272,142)	(433,984)	(706,126)
Write-off	-	-	-	(577,174)	(145,646)	(722,820)
Elimination of accumulated depreciation on revaluation	(18,285,988)	(21,430,984)	-	-	-	(39,716,972)
At 31 March 2016	2,110,777	-	9,378,538	46,398,847	6,122,188	64,010,350
Accumulated Impairment Loss						
At 1 April 2015 and 31 March 2016	16,251,631	-	-	-	-	16,251,631
Net Carrying Amount						
At 31 March 2016	616,981,181	296,000,000	20,067,154	15,400,098	574,621	949,023,054

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture & Fittings, Partition & Renovation, Computer & Plant & Machinery RM	Motor Vehicles RM	Total RM
Company			
2017			
Cost			
At 1 April 2016	194,164	849,184	1,043,348
Additions	1,416	6,075	7,491
Write-off	(65,824)	-	(65,824)
At 31 March 2017	**129,756**	**855,259**	**985,015**
Accumulated Depreciation			
At 1 April 2016	130,708	654,550	785,258
Charge for the year	15,198	64,026	79,224
Write-off	(61,880)	-	(61,880)
At 31 March 2017	**84,026**	**718,576**	**802,602**
Carrying Amount			
At 31 March 2017	**45,730**	**136,683**	**182,413**
2016			
Cost			
At 1 April 2015	352,536	849,184	1,201,720
Write-off	(158,372)	-	(158,372)
At 31 March 2016	194,164	849,184	1,043,348
Accumulated Depreciation			
At 1 April 2015	237,954	591,435	829,389
Charge for the year	31,614	63,115	94,729
Write-off	(138,860)	-	(138,860)
At 31 March 2016	130,708	654,550	785,258
Carrying Amount			
At 31 March 2016	63,456	194,634	258,090

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The aggregate additional cost for the property, plant and equipment of the Group and of the Company under finance lease financing and cash payments are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cash payments	**3,611,323**	436,609	**7,491**	-
Finance lease arrangement	**280,000**	-	**-**	-
	3,891,323	436,609	**7,491**	-

(b) Included in the property, plant and equipment of the Group and of the Company are assets acquired under finance lease arrangements at the reporting date as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Net carrying amount				
Motor vehicles	**843,777**	478,518	**131,490**	194,605
Furniture and fittings, partition and renovation, computer and plant and machinery	**1,647,926**	1,891,859	**-**	-
	2,491,703	2,370,377	**131,490**	194,605

These assets are pledged as security for the related finance lease liabilities.

(c) The long term leasehold land of the Group has an unexpired lease period of more than 50 years.

(d) Revaluation of leasehold land and buildings
The Group's leasehold land and buildings had been revalued based on valuations performed by accredited independent valuers.

Details of the independent professional valuations are as follows:

Year of valuation/ Description of Properties	**Valuation method**	**Fair value hierachy RM**	**Valuation amount RM**
2017			
Leasehold land at Bukit Unggul	Comparison method	Level 2	14,581,399
2016			
Hotel property	Cost method	Level 3	296,000,000
Leased/Leasehold land at Karambunai	Discounted cash flow analysis and residual method	Level 2	598,049,323
			894,049,323

There were no transfer between levels during the current and previous financial years.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Revaluation of leasehold land and buildings (Cont'd)

If the Group's leasehold land and buildings were measured using the cost model, the net carrying amounts would be as follows:

	Group Net carrying amount At valuation RM	Group Net carrying amount At historical cost RM
2017		
Hotel property	**290,459,728**	**244,188,738**
Leased/Leasehold land at Karambunai	**593,684,417**	**341,913,294**
Leasehold land at Bukit Unggul	**14,581,399**	**37,600,790**
	898,725,544	**623,702,822**
2016		
Hotel property	296,000,000	250,361,477
Leased/Leasehold land at Karambunai	602,882,072	343,484,722
Leasehold land at Bukit Unggul	14,099,109	38,297,264
	912,981,181	632,143,463

5. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2017 RM	Group 2016 RM
Land, at cost		
Leasehold land		
At 1 April	**548,858,213**	549,458,850
Add: Additions	**6,272,146**	-
Add: Transfer from property, plant and equipment (Note 4)	**4,832,748**	-
Less: Disposals	**-**	(600,637)
At 31 March	**559,963,107**	548,858,213
Leased land	**47,218,375**	47,218,375
Total land, at cost at 31 March	**607,181,482**	596,076,588
Accumulated impairment losses		
At 1 April	**(172,426,760)**	(172,426,760)
Less: Reversal of impairment loss	**4,877,892**	-
At 31 March	**(167,548,868)**	(172,426,760)
Total land, at carrying amount at 31 March	**439,632,614**	423,649,828

5. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

	Group 2017 RM	Group 2016 RM
Development costs		
At 1 April	**19,029,499**	18,997,039
Add: Additions	**-**	1,056,740
Less: Written off	**(8,931,510)**	(824,842)
Less: Reversal	**(2,457,912)**	-
Less: Disposals	**-**	(199,438)
At 31 March	**7,640,077**	19,029,499
Accumulated impairment losses		
At 1 April	**(7,442,233)**	(7,442,233)
Impairment loss for the financial year	**(77,515)**	-
At 31 March	**(7,519,748)**	(7,442,233)
Total development cost, at carrying amount at 31 March	**120,329**	11,587,266
Total carrying amount at 31 March	**439,752,943**	435,237,094

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2017 RM	Company 2016 RM
Unquoted shares		
At cost		
At 1 April	**324,120,104**	326,167,804
Add: Additions	**449,996**	-
Less: Strike off	**-**	(2,047,700)
At 31 March	**324,570,100**	324,120,104
Less: Accumulated impairment losses		
At 1 April	**119,510,561**	114,058,261
Add: Additions	**22,161**	7,499,999
Less: Strike off	**-**	(2,047,699)
At 31 March	**119,532,722**	119,510,561
Carrying amount at 31 March	**205,037,378**	204,609,543
Amounts owing by subsidiary companies (non-trade)	**613,636,805**	613,636,805
Less: Set-off against amounts owing by a subsidiary company	**(417,608,962)**	-
Less: Accumulated impairment losses		
At 1 April and 31 March	**(10,984,010)**	(10,984,010)
	185,043,833	602,652,795
Carrying amount at 31 March	**390,081,211**	807,262,338

Amounts owing by subsidiary companies are non-trade in nature, unsecured, and interest free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the entity's net investment in the subsidiary companies, it is stated at cost less accumulated impairment losses.

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2017	Direct 2016	Indirect 2017	Indirect 2016
	Held By The Company						
	Beribu Ukiran Sdn. Bhd.	Malaysia	Property development	**100%**	100%	**-**	-
©	Bukit Unggul Golf and Country Resort Sdn. Bhd. ("BUGCR")	Malaysia	Golf club owner and investment holdings	**75%**	75%	**25%**	25%
©	Bukit Unggul Tele-Suburb Sdn. Bhd.	Malaysia	Property development	**100%**	100%	**-**	-
©	FACB Capital Sdn. Bhd.	Malaysia	Investment holdings, consultancy and money lending	**100%**	100%	**-**	-
^	FACB Charter Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
©	FACB Construction Sdn. Bhd.	Malaysia	General construction and building works (inactive)	**100%**	100%	**-**	-
©	FACB Land Sdn. Bhd. ("FACB Land")	Malaysia	Property development	**100%**	100%	**-**	-
©	FACBNET Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
©	First Holdings Sdn. Bhd. ("FHSB")	Malaysia	Investment holdings	**100%**	100%	**-**	-
©	First Travel and Tours (M) Sdn. Bhd.	Malaysia	Travel and tours agency	**100%**	100%	**-**	-
©	Golden Ecoland Sdn. Bhd.	Malaysia	Property development	**100%**	100%	**-**	-
	Greagawarni Sdn. Bhd.	Malaysia	Horticulturist	**100%**	100%	**-**	-
	Hartamas Group Bhd ("HGB")	Malaysia	Hotel resort ownership and operations and investment holdings	**#42.91%**	#42.91%	**57.09%**	57.09%
	Karambunai Residence (MM2H) Sdn. Bhd.	Malaysia	Dormant	**100%**	100%	**-**	-
@	One Travel & Tours Ltd	British Virgin Islands	Dormant	**100%**	100%	**-**	-
*	Sunnyland Industries Ltd.	Hong Kong	Dormant	**100%**	100%	**-**	-
©	Trusworld Sdn. Bhd.	Malaysia	Property investments	**100%**	100%	**-**	-

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2017	Direct 2016	Indirect 2017	Indirect 2016
	Held through FACB Land						
©	Arosa Builders Sdn. Bhd.	Malaysia	General construction and building works (inactive)	-	-	**100%**	100%
©	BUGCR	Malaysia	Golf club owner and investment holdings	-	-	**25%**	25%
	HGB	Malaysia	Hotel resort ownership and operations and investment holdings	-	-	**# 4.06%**	# 4.06%
	Held through FHSB						
	HGB	Malaysia	Hotel resort ownership and operations and investment holdings	-	-	**#53.03%**	#53.03%
	Karambunai Resorts Sdn. Bhd. ("KRSB")	Malaysia	Property development, investment holdings and horticulturist	-	-	**100%**	100%
	Held through HGB						
©	FACB Marketing and Sales Services Sdn. Bhd.	Malaysia	Property development	-	-	**100%**	100%
	Held through BUGCR						
©	Bukit Unggul Country Club Bhd.	Malaysia	Golf and country club operation and management	-	-	**100%**	100%
	Held through KRSB						
©	Clear Sky Development Sdn. Bhd.	Malaysia	Property development, sale and leaseback of properties	-	-	**100%**	100%
©	Dapan Construction Sdn. Bhd.	Malaysia	Construction and project contracts	-	-	**100%**	100%
	Dapan Holdings Sdn. Bhd.	Malaysia	Property development	-	-	**100%**	100%
©	Karambunai Golf Management Bhd.	Malaysia	Management and operation of golf club	-	-	**100%**	100%
©	Nexus Resorts and Hotels International Sdn. Bhd.	Malaysia	Dormant	-	-	**100%**	100%

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2017	Direct 2016	Indirect 2017	Indirect 2016
	Held through KRSB (Cont'd)						
©	Nexus Resort Karambunai Sdn. Bhd.	Malaysia	Resort hotel operation and management	-	-	**100%**	100%

* *The financial statements of this subsidiary company is audited for consolidation purposes by the Company's auditors.*

^ *The subsidiary company is under-going striking-off process.*

\# *The equity interests held through the Company, FHSB and FACB Land are 42.91% (2016: 42.91%), 53.03% (2016: 53.03%) and 4.06% (2016: 4.06%) respectively.*

@ *Subsidiary company audited by firm of auditors other than member firms of UHY.*

© *The auditors' reports of these subsidiary companies contain the material uncertainty related to going concern paragraph due to doubts as to the subsidiary companies' ability to operate as a going concern as these subsidiary companies are either suffered significant losses during the financial year, had net current liabilities or deficit in shareholders' equity. The ability of the subsidiary companies to continue as going concerns is dependent on the continued financial support of the Company.*

The entire issued and paid up share capital in Sunnyland Industries Ltd. has been pledged for the syndicated term loan as disclosed in Note 19.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
At cost				
Equity instruments (unquoted shares in Malaysia)	60,000	60,000	60,000	60,000
Transferable contribution rights	-	70,000	-	-
Less : Written-off	-	(70,000)	-	-
	-	-	-	-
Accumulated impairment loss	-	(70,000)	-	-
Less : Written-off	-	70,000	-	-
	-	-	-	-
	60,000	60,000	60,000	60,000

Movement in impairment loss on available-for-sale financial assets is as follows:

Accumulated impairment loss

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
At 1 April	-	70,000	-	-
Written-off	-	(70,000)	-	-
At 31 March	-	-	-	-

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

The fair value of the unquoted investment has not been disclosed as its fair value cannot be measured reliably due to the lack of quoted market price in an active market. The assumptions required for valuing these financial instruments using valuation techniques by management would result in the range of fair value estimates to be significant and the probability of the various estimates cannot be reasonably assessed. Accordingly the carrying amount of the investment continues to be stated at cost.

8. GOODWILL

	Group	
	2017	**2016**
	RM	**RM**
Cost		
At 1 April/31 March	**19,820,764**	19,820,764
Accumulated impairment losses		
At 1 April/31 March	**4,883,348**	4,883,348
Net carrying amount		
At 31 March	**14,937,416**	14,937,416

Impairment testing of goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the net assets of subsidiary companies acquired in prior years. Goodwill has been allocated to the Group's cash-generating unit ("CGU") identified that is expected to benefit from the synergies of the acquisitions, which is in respect of the property development segment.

The carrying amounts of goodwill arising from acquisition of subsidiary companies are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Property development segment:		
Karambunai Resorts Sdn. Bhd.	**14,937,416**	14,937,416

The recoverable amount of this CGU is determined based on the fair value less costs to sell. The fair value less costs to sell is based on observable market prices for similar assets. The fair values of the development properties are estimated based on market values of comparable properties for Karambunai land.

The Board of Directors is of the opinion that no further impairment of goodwill allocated to Karambunai land has occurred as the fair value approximates the carrying amount.

Notes to the Financial Statements

9. PROPERTY DEVELOPMENT COSTS

	Group	
	2017	2016
	RM	RM
Leasehold land, at cost	**1,702,788**	1,702,788
Less: Reversal of completed projects	**(1,702,788)**	-
At 31 March	-	1,702,788
Property development costs		
At 1 April	**22,730,004**	19,179,967
Add: Additions	**2,348,808**	3,550,037
Less: Transfer to inventories	**(1,153,070)**	-
Less: Reversal of completed projects	**(23,925,742)**	-
At 31 March	-	22,730,004
Cumulative costs recognised in profit or loss		
At 1 April	**(19,617,220)**	(10,118,794)
Recognised during the financial year	**(8,056,480)**	(9,498,426)
Reversal of completed projects	**27,673,700**	-
At 31 March	-	(19,617,220)
Total property development costs at 31 March	-	4,815,572

10. INVENTORIES

	Group	
	2017	2016
	RM	RM
At cost:		
Completed development properties	**3,085,719**	4,900,150
Consumables	**1,552,140**	1,046,066
Trading merchandise	**120,781**	115,288
	4,758,640	6,061,504
Inventories recognised as cost of sales	**10,200,757**	4,180,961
Recognised in profit or loss:		
Inventories written off	**6,344**	7,852

11. TRADE RECEIVABLES

	Group 2017 RM	Group 2016 RM
Trade receivables	**10,543,125**	14,252,170
Less: Accumulated impairment losses	**(1,669,299)**	(7,193,801)
	8,873,826	7,058,369

Included in trade receivables of the Group are amounts of RM216,213 (2016: RM892,743) owing by related parties in which a major shareholder has substantial financial interests.

(a) Credit terms of trade receivables

The Group's normal trade credit term range from 14 to 90 days (2016: 14 to 90 days). Other credit terms are assessed and approved on a case by case basis.

They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Ageing analysis of trade receivables

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group 2017 RM	Group 2016 RM
Neither past due nor impaired	**1,176,282**	607,249
Past due but not impaired:		
1 to 30 days	**425,366**	150,957
31 to 60 days	**1,376,089**	86,884
61 to 90 days	**413,644**	430,842
91 to 120 days	**-**	791,484
More than 120 days	**5,482,445**	4,990,953
	7,697,544	6,451,120
Impaired	**1,669,299**	7,193,801
	10,543,125	14,252,170

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are debtors with good payment records with the Group.

<u>Receivables that are past due but not impaired</u>

As at 31 March 2017, trade receivables of RM7,697,544 (2016: RM6,451,120) that are past due but not impaired are unsecured in nature. However, the Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

11. TRADE RECEIVABLES

(b) Ageing analysis of trade receivables (Cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date is as follows:

	Group Individually Impaired 2017 RM	Group Individually Impaired 2016 RM
Trade receivables (nominal amounts)	**1,669,299**	7,193,801
Less: Accumulated impairment losses	**(1,669,299)**	(7,193,801)
	-	-

Movement in the allowance for impairment losses of trade receivables (individually impaired) are as follows:

	Group 2017 RM	Group 2016 RM
At 1 April	**7,193,801**	6,918,986
Impairment losses recognised	**20,521**	633,283
Reversal of impairment losses	**(72,173)**	(244,082)
Written-off	**(5,472,850)**	(114,386)
At 31 March	**1,669,299**	7,193,801

Trade receivables that are individually determined to be impaired at the reporting date related to debtors that have defaulted on payments or under legal case. These receivables are not secured by any collateral or credit enhancements.

12. OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Third parties	**5,270,727**	7,145,969	**-**	-
Related parties	**11,097**	-	**-**	-
	5,281,824	7,145,969	**-**	-
Less: Accumulated impairment losses	**(16,143)**	(16,143)	**-**	-
	5,265,681	7,129,826	**-**	-
Deposits	**865,754**	969,278	**56,400**	56,400
Prepayments	**72,036**	115,657	**-**	-
	937,790	1,084,935	**56,400**	56,400
	6,203,471	8,214,761	**56,400**	56,400

12. OTHER RECEIVABLES (CONT'D)

Movement in the allowance for impairment losses of other receivables (individually impaired) are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 April	**16,143**	8,300	**-**	-
Impairment losses recognised	**-**	7,843	**-**	-
At 31 March	**16,143**	16,143	**-**	-

Other receivables that are individually impaired at the reporting date related to debtors that are having financial difficulties and have defaulted on payments.

13. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2017	2016
	RM	RM
Amounts owing by subsidiary companies	**1,183,310,783**	1,136,470,834
Less: Accumulated impairment losses	**(284,262,935)**	(308,966,760)
	899,047,848	827,504,074
Amounts owing to subsidiary companies	**(50,280,783)**	(477,638,474)

Movement in the allowance for impairment losses of amounts owing by subsidiary companies (individually impaired) are as follows:

	Company	
	2017	2016
	RM	RM
At 1 April	**308,966,760**	331,790,690
Reversal of impairment losses	**(24,703,825)**	(22,823,930)
At 31 March	**284,262,935**	308,966,760

The amounts owing by/(to) subsidiary companies are non-trade in nature, unsecured, interest free and repayable on demand by cash.

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group carry interest at rates ranging from 2.76% to 3.73% (2016: 2.95% to 3.15%) per annum and mature within one year (2016: one year).

Information on fixed deposits pledged is disclosed in Note 30.

15. SHARE CAPITAL

	Group/Company Amount 2017 RM	Group/Company Amount 2016 RM
Authorised		
20,000,000,000 ordinary shares	-	2,000,000,000
Issued and fully paid:		
5,776,587,696 ordinary shares	**577,658,769**	577,658,769

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

16. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of shares.

17. RESERVES

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Distributable				
(Accumulated losses)/Retained earnings	**(345,927,451)**	(364,820,709)	**42,028,220**	19,269,611
Non-distributable				
Capital reserve	**269,918,289**	269,918,289	**269,918,289**	269,918,289
Warrant reserve	**69,529,543**	69,529,543	**69,529,543**	69,529,543
Asset revaluation reserve	**203,765,668**	199,023,282	**-**	-
Foreign currency translation reserve	**(2,851,571)**	(2,862,364)	**-**	-
	540,361,929	535,608,750	**339,447,832**	339,447,832
	194,434,478	170,788,041	**381,476,052**	358,717,443

The nature and purpose of each category of reserves are as follows:

(a) Capital reserve

The capital reserve account represents the surplus amount created from a capital reconstruction exercise carried out in the financial year ended 31 March 2014 involving the cancellation of RM0.40 of the par value of every existing ordinary shares of RM0.50 each in the issued and paid up share capital of the Company less the accumulated losses of the Company as at that date.

17. RESERVES (CONT'D)

(b) Warrant reserve

The Warrant reserve account was created in relation to the 1,015,029,840 free Warrants issued by the Company pursuant to the renounceable rights issue exercise carried out in the financial year ended 31 March 2014.

Set out below are details of the Warrants issued by the Company:

			Number of warrants 2013/2023			
Issuance date	**Expiry date**	**Exercise price**	**1.4.2016**	**Issued**	**Exercised**	**31.3.2017**
21.10.2013	20.10.2023	RM0.1306	1,015,029,840	-	-	1,015,029,840

(c) Asset revaluation reserve

The asset revaluation reserve represents increases in fair value of leased land, leasehold land and hotel property, net of tax.

(d) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

18. FINANCE LEASE LIABILITIES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Total instalment payments	**584,023**	1,005,960	**97,152**	145,728
Less: Future finance charges	**(26,212)**	(44,465)	**(3,751)**	(8,327)
Present value of finance lease liabilities	**557,811**	961,495	**93,401**	137,401
Payable within 1 year				
Total instalment payments	**268,740**	693,081	**48,576**	48,576
Less: Future finance charges	**(17,527)**	(31,555)	**(2,776)**	(4,576)
Present value of finance lease liabilities	**251,213**	661,526	**45,800**	44,000
Payable after 1 year but not later than 5 years				
Total instalment payments	**315,283**	312,879	**48,576**	97,152
Less: Future finance charges	**(8,685)**	(12,910)	**(975)**	(3,751)
Present value of finance lease liabilities	**306,598**	299,969	**47,601**	93,401
	557,811	961,495	**93,401**	137,401

The finance lease liabilities of the Group and the Company bear interest at rates ranging from 1.88% to 4.30% (2016: 2.00% to 4.30%) per annum.

19. BANK BORROWING

	Group 2017 RM	Group 2016 RM
Secured		
Syndicated term loan	**7,146,514**	7,915,008
Non-current		
Syndicated term loan	**4,466,571**	6,332,006
Current		
Syndicated term loan	**2,679,943**	1,583,002

The syndicated term loan is secured by the following:-

(a) corporate guarantee from the Company; and
(b) charge over shares (and all rights thereto) issued by a subsidiary company as disclosed in Note 6.

The average effective interest rate per annum is as follows:

	2017 %	2016 %
Syndicated term loan	**2.5**	2.5

	Current Within 1 Year RM	Non-current Within 1 - 2 Years RM	Non-current Within 2 - 3 Years RM	Total RM
Group				
2017				
Syndicated term loan	**2,679,943**	**4,466,571**	**-**	**7,146,514**
2016				
Syndicated term loan	1,583,002	2,374,504	3,957,502	7,915,008

20. OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-current				
Amount owing to a shareholder	**194,981,386**	-	**194,981,386**	-
Other payables	**10,678,227**	9,255,272	**-**	-
	205,659,613	9,255,272	**194,981,386**	-
Current				
Other payables	**77,103,797**	121,752,910	**6,897,509**	7,670,725
Refundable deposits	**463,725**	21,042	**-**	-
Accruals	**3,696,368**	4,910,112	**74,466**	598,622
	81,263,890	126,684,064	**6,971,975**	8,269,347
Total	**286,923,503**	135,939,336	**201,953,361**	8,269,347

The amount owing to a shareholder is non-trade in nature, unsecured, interest free and not repayable within the next twelve months.

The other payables in the non-current liabilities of the Group is in respect of an advance which is unsecured, subject to interest at 2.5% per annum and not repayable within the next twelve months.

Included in the current portion of the other payables of the Group and the Company are amounts of RM60,809 (2016: RM1,008,145) and RM1,088 (2016: Nil), respectively, owing to related parties in which a major shareholder of the Company has substantial financial interests. These amounts are unsecured, interest free and are repayable on demand by cash.

21. DEFERRED TAX LIABILITIES

	Group	
	2017	2016
	RM	RM
At 1 April	**227,945,741**	239,724,873
Recognised in profit or loss (Note 28)	**7,312,559**	(1,897,755)
Recognised in other comprehensive income	**(4,742,386)**	(9,881,377)
At 31 March	**230,515,914**	227,945,741

21. DEFERRED TAX LIABILITIES (CONT'D)

This is in respect of estimated deferred tax liabilities/(assets) arising from temporary differences as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Difference between the carrying amount of property, plant and equipment and their tax base	**26,404,999**	25,378,992	**9,901**	35,474
Fair value adjustment in respect of acquisition of subsidiary companies	**101,441,981**	100,839,572	**-**	-
Deductible temporary differences in respect of expenses	**(18,450)**	(24,010)	**(8,311)**	(23,730)
Revaluation surplus	**62,004,348**	62,849,457	**-**	-
Temporary difference due to tax remission	**53,652,555**	53,652,555	**-**	-
Unutilised tax losses	**(2,770,992)**	(2,737,600)	**-**	-
Unabsorbed capital allowances	**(10,198,527)**	(12,013,225)	**(1,590)**	(11,744)
	230,515,914	227,945,741	**-**	-

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	**120,052,173**	117,081,561	**655,600**	655,600
Unabsorbed capital allowances	**6,970,340**	7,322,974	**2,399,846**	2,399,846
Deductible temporary differences in respect of expenses and others	**9,390**	39,310	**-**	-
	127,031,903	124,443,845	**3,055,446**	3,055,446

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

22. TRADE PAYABLES

	Group	
	2017	**2016**
	RM	**RM**
Third parties	**49,931,397**	59,016,878

Included in trade payables of the Group are amounts of RM373,613 (2016: RM416,355) owing to related parties in which a major shareholder of the Company has substantial financial interests.

The normal trade credit term granted to the Group ranges from 30 to 90 days (2016: 30 to 90 days).

Included in trade payables of the Group is retention sum amounting to RM28,000 (2016: RM858,037).

23. AMOUNT OWING TO A FORMER DIRECTOR

The amount owing to a former Director was non-trade in nature, unsecured, interest free and repayable on demand by cash.

24. PROVISIONS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Employees benefits				
At 1 April	**161,558**	205,954	**34,631**	38,706
Add: Additions	**191,442**	184,884	**33,231**	15,500
Less: Utilisation	**(209,892)**	(229,280)	**(34,317)**	(19,575)
At 31 March	**143,108**	161,558	**33,545**	34,631

Employee benefits

Employee benefits are in respect of short term accumulating compensated absences.

25. REVENUE

	Group	
	2017	2016
	RM	RM
Construction and property development revenue	**22,345,861**	11,358,798
Hotel and golfing revenue	**58,035,507**	37,566,929
Sales of goods and services	**664,064**	684,084
Sale of vacant land	**-**	2,483,874
	81,045,432	52,093,685

26. DIRECT COSTS

	Group	
	2017	2016
	RM	RM
Construction and property development cost	**6,165,680**	7,829,985
Cost of sales and services	**32,051,290**	27,694,255
Cost of vacant land and incidental costs	**-**	942,519
	38,216,970	36,466,759

27. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration				
- current year	**214,629**	178,753	**35,000**	30,000
- Under/(over) provision	**6,800**	(14,044)	**5,000**	1,300
- other services	**5,000**	5,000	**5,000**	5,000
Bad debts recovered	**-**	(94,442)	**-**	-
Depreciation of property, plant and equipment	**14,166,592**	15,628,830	**79,224**	94,729
Finance lease interest	**33,336**	92,947	**4,576**	6,376
(Gain)/Loss on disposal of property, plant and equipment	**(35,019)**	27,698	**-**	-
Impairment loss on:				
- investment in subsidiary companies	**-**	-	**22,161**	7,499,999
- land held for property development	**77,515**	-	**-**	-
- receivables	**20,521**	641,126	**-**	-
Interest income	**(658,452)**	(505,947)	**(99,240)**	(227,024)
Loss on foreign exchange:				
- Realised	**29,263**	-	**-**	-
- Unrealised	**2,668,089**	1,125,402	**48,836**	-
Rental expense for:				
- equipment	**14,886**	51,400	**-**	-
- premises	**165,600**	165,600	**57,600**	57,600
Rental income from premises	**(86,676)**	(71,668)	**-**	-
Reversal of impairment loss on:				
- amount owing by subsidiary companies	**-**	-	**(24,703,825)**	(22,823,930)
- land held for property development	**(4,877,892)**	-	**-**	-
- property, plant and equipment	**(683,705)**	-	**-**	-
- receivables	**(72,173)**	(244,082)	**-**	-
Reversal of leaseback rental	**(211,717)**	(217,485)	**-**	-
(Reversal of)/provision for tax interests and penalties	**(15,460,815)**	3,935,899	**-**	-
Staff costs:				
- contribution to defined contribution plan	**1,768,006**	1,990,876	**156,044**	162,889
- salaries and others	**18,949,561**	19,306,642	**1,679,441**	1,710,174
Utilisation of employees' benefits, net	**(18,450)**	(44,396)	**(1,086)**	(4,075)
Write-off of:				
- bad debts	**13,917**	263,947	**-**	-
- deposits	**12,055**	-	**-**	-
- inventories	**6,344**	7,852	**-**	-
- investment in subsidiary companies	**-**	-	**-**	1
- land held for property development	**8,931,510**	824,842	**-**	-
- property, plant and equipment	**47,112**	26,784	**3,944**	19,512

27. PROFIT/(LOSS) BEFORE TAX (CONT'D)

(b) Directors' remuneration

Included in staff costs were aggregate amount of remuneration (excluding benefit-in-kind) received and receivable by the Directors during the financial year as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Executive Directors				
- salaries and other emoluments	**523,904**	698,904	**125,000**	300,000
Non-Executive Directors				
- fees	**114,000**	114,000	**114,000**	114,000
	637,904	812,904	**239,000**	414,000

The number of Directors of the Group and of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Group Number of Directors		Company Number of Directors	
	2017	**2016**	**2017**	**2016**
Executive Directors:				
Below RM50,000	**-**	-	**-**	-
RM50,001 - RM100,000	**-**	-	**-**	-
RM100,001 - RM150,000	**1**	-	**1**	-
RM150,001 - RM200,000	**-**	-	**-**	-
RM200,001 - RM250,000	**-**	-	**-**	-
RM250,001 - RM300,000	**-**	1	**-**	1
RM300,001 - RM350,000	**-**	-	**-**	-
RM350,001 - RM400,000	**1**	1	**-**	-
Non-Executive Directors:				
Below RM50,000	**3**	3	**3**	3
	5	5	**4**	4

28. INCOME TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Tax expense recognised in profit or loss:				
Current tax:				
Based on result for the financial year	**3,090,367**	556,131	**-**	-
Underprovision in prior financial year	**576,002**	481,634	**-**	-
	3,666,369	1,037,765	**-**	-
Deferred tax (Note 21):				
Origination and reversal of temporary differences	**1,373,477**	3,924,528	**-**	-
Under/(Over)provision in prior financial year	**5,939,082**	(1,743,331)	**-**	-
Relating to reduction in Malaysian statutory tax rate	**-**	(4,078,952)	**-**	-
	7,312,559	(1,897,755)	**-**	-
	10,978,928	(859,990)	**-**	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Profit/(Loss) before tax	**29,872,186**	(24,235,730)	**22,758,609**	13,344,377
At Malaysian statutory income tax rate of 24% (2016: 24%)	**7,169,300**	(5,816,600)	**5,462,100**	3,202,700
Effect on opening deferred tax of reduction in Malaysian tax rate	**-**	(4,078,952)	**-**	-
Tax effect on non-deductible expenses	**9,007,711**	17,657,291	**1,571,273**	2,651,631
Tax effect on non-taxable income	**(13,432,274)**	(9,817,772)	**(7,033,373)**	(5,854,331)
Deferred tax assets not recognised during the financial year	**2,134,966**	48,548	**-**	-
Utilisation of deferred tax assets not recognised in previous financial year	**(415,859)**	2,409,192	**-**	-
Under/(Over) provision in prior financial year:				
- current tax	**576,002**	481,634	**-**	-
- deferred tax	**5,939,082**	(1,743,331)	**-**	-
Tax expense for the financial year	**10,978,928**	(859,990)	**-**	-

28. INCOME TAX EXPENSE (CONT'D)

The Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits:-

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unutilised tax losses	**318,681,381**	310,836,047	**655,600**	655,600
Unabsorbed capital allowances	**7,923,560**	8,086,640	**2,399,846**	2,399,846
	326,604,941	318,922,687	**3,055,446**	3,055,446

29. PROFIT/(LOSS) PER ORDINARY SHARE

Basic profit/(loss) per ordinary share

The calculation of basic profit/(loss) per ordinary share was based on the profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

Profit/(Loss) attributable to ordinary shareholders:

	Group	
	2017	2016
	RM	RM
Profit/(Loss) for the financial year attributable to owners	**18,893,258**	(23,375,740)

Weighted average number of ordinary shares:

	Group	
	Number of shares	
	2017	2016
Issued ordinary shares at 1 April/31 March	**5,776,587,696**	5,776,587,696

Basic profit/(loss) per ordinary share:

	Group	
	2017	2016
Basic profit/(loss) per ordinary share (in sen)	**0.33**	(0.40)

Diluted profit/(loss) per share

The Group and the Company have no dilution in their profit/(loss) per ordinary share as there are no dilutive potential ordinary shares. There have been no other transaction involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

30. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cash held under housing development accounts (a)	**9,348,564**	7,405,532	**-**	-
Cash and bank balances	**4,428,962**	6,143,350	**27,340**	2,668,111
	13,777,526	13,548,882	**27,340**	2,668,111
Fixed deposits with licensed banks (Note 14)	**9,363,683**	5,185,715	**-**	-
	23,141,209	18,734,597	**27,340**	2,668,111
Less : Fixed deposits pledged [(b) and (c)]	**(4,774,634)**	(4,614,359)	**-**	-
Cash and cash equivalents	**18,366,575**	14,120,238	**27,340**	2,668,111

Cash and cash equivalents of the Group which are not freely available for the Group's use are as follows:

(a) cash held under housing development accounts are maintained pursuant to the requirements of the Housing Development (Control and Licensing) Enactment 1978. Therefore these monies are for the purpose of payment of expenses incurred in the housing development and are restricted from use in other operations;

(b) fixed deposits amounting to RM4,335,743 (2016: RM4,181,133) are pledged for bank guarantee facilities granted by banks for the purpose of issuing bank guarantee in favour of Ministry of Local Government and Housing for development projects of a subsidiary company; and

(c) fixed deposits amounting to RM438,891 (2016: RM433,226) are pledged for bank guarantee facilities granted by banks to certain subsidiary companies.

31. COMMITMENTS

(a) Operating Lease Commitments

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Payable within one year	**102,720**	102,720
Payable after one year but not more than 5 years	**94,160**	196,880
	196,880	299,600

(b) Contingent Liabilities

	Group	
	2017	**2016**
	RM	**RM**
Unsecured:		
Corporate guarantees given to licensed banks to secure banking facilities granted to a subsidiary company (Note 19)	**7,146,514**	7,915,008

32. RELATED PARTY DISCLOSURES

(a) Identifying related parties

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

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

The Group and the Company have related party relationship with its subsidiary companies and a major shareholder's related companies.

(b) Significant related party transactions

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
(i) Transactions with subsidiary companies				
- Purchase of air tickets and tour	**-**	-	**9,989**	14,631
(ii) Transactions with companies in which a major shareholder of the Company has substantial financial interest				
- Rental of premises	**165,600**	165,600	**57,600**	57,600
- Ticketing and tour revenue	**(367)**	(271,245)	**-**	-
(iii) Transactions with management entity				
- Advances from a former Director	**-**	6,739,311	**-**	6,739,311
(iv) Transactions with shareholder				
- Advances from a major shareholder	**57,587,739**	-	**57,587,739**	-

Information regarding outstanding balances arising from related party transactions as at 31 March 2017 is disclosed in Notes 12, 13, 20, 22 and 23.

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Short-term employee benefits expenses	**595,160**	770,160	**239,000**	414,000
Post employment benefits expenses	**42,744**	42,744	**-**	-

Information regarding transactions with the key management personnel is disclosed in Note 27(b).

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their services and has three reportable operating segments as follows:

Leisure and tourism	Travel and tours agency, golf and country club operation and management, resort hotel operation and management.
Property development and construction	Property development, construction and project contracts.
Management services	Investment holdings, provision of management services and money lending.

Investment holdings, provision of management services and money lending are being managed by three different operating segments within the Group. These operating segments have been aggregated to form a reportable segment as management services taking into account the following factors:

- The business activities of these operating segments are insignificant and being managed by a common business unit;
- the nature of the services and production processes are similar; and
- the methods used to render the services to the customers are similar.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence no disclosures are made on segment assets and liabilities.

(a) Operating segments

	Leisure and Tourism RM	Property Development and Construction RM	Management Services RM	Total Segments RM	Adjustment and Eliminations RM	Note	Consolidated RM
2017							
Revenue							
External revenue	58,269,101	24,802,475	76,894	83,148,470	(2,103,038)		81,045,432
Inter-segment revenue	(233,594)	(1,869,444)	-	(2,103,038)	2,103,038	a(i)	-
Total revenue	58,035,507	22,933,031	76,894	81,045,432	-		81,045,432
Result							
Interest expenses	24,743	4,017	4,576	33,336	-		33,336
Interest income	(54,382)	(504,571)	(99,499)	(658,452)	-		(658,452)
Other non-cash expenses/ (income)	9,020,630	(6,768,696)	2,331,950	4,583,884	-	a(ii)	4,583,884
Segment profit/ (loss) before tax	11,320,875	22,650,994	(4,099,683)	29,872,186	-	a(ii)	29,872,186

33. SEGMENT INFORMATION (CONT'D)

(a) Operating segments (Cont'd)

	Leisure and Tourism RM	Property Development and Construction RM	Management Services RM	Total Segments RM	Adjustment and Eliminations RM	Note	Consolidated RM
2016							
Revenue							
External revenue	37,627,869	20,302,700	95,983	58,026,552	(5,932,867)		52,093,685
Inter-segment revenue	(60,940)	(5,871,927)	-	(5,932,867)	5,932,867	a(i)	-
Total revenue	37,566,929	14,430,773	95,983	52,093,685	-		52,093,685
Result							
Interest expenses	83,856	2,715	6,376	92,947	-		92,947
Interest income	(13,757)	(264,971)	(227,219)	(505,947)	-		(505,947)
Other non-cash expenses	9,761,514	10,666,640	1,453,821	21,881,975	-	a(ii)	21,881,975
Segment loss before tax	(7,844,023)	(12,937,670)	(3,454,037)	(24,235,730)	-	a(ii)	(24,235,730)

(i) Inter-segment revenues are eliminated on consolidation.

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

	Group	
	2017 RM	**2016 RM**
Bad debts recovered	**-**	(94,442)
Depreciation of property, plant and equipment	**14,166,592**	15,628,830
(Gain)/Loss on disposal of property, plant and equipment	**(35,019)**	27,698
Impairment loss on:		
- land held for property development	**77,515**	-
- receivables	**20,521**	641,126
Reversal of impairment loss on:		
- land held for property development	**(4,877,892)**	-
- property, plant and equipment	**(683,705)**	-
- receivables	**(72,173)**	(244,082)
Reversal of leaseback rental	**(211,717)**	(217,485)
(Reversal of)/Provision for tax interests and penalties	**(15,460,815)**	3,935,899
Unrealised loss on foreign exchange	**2,668,089**	1,125,402
Utilisation of employee benefits, net	**(18,450)**	(44,396)
Write off of:		
- bad debts	**13,917**	263,947
- deposits	**12,055**	-
- inventories	**6,344**	7,852
- land held for property development	**8,931,510**	824,842
- property, plant and equipment	**47,112**	26,784
	4,583,884	21,881,975

33. SEGMENT INFORMATION (CONT'D)

(b) Geographical Information

Revenue information based on the geographical location of business units is as follows:

	Group 2017 RM	Group 2016 RM
Malaysia	**81,045,432**	52,093,685

There is no single customer with revenue equal or more than 10% of the Group revenue.

34. MATERIAL LITIGATIONS

Group

As reported in the previous financial year, a group of 122 purchasers and owners of units ("Claimants") of a development known as Precinct Dillenia has on 10 December 2012 initiated an arbitration claim against Clear Sky Development Sdn Bhd (the "Respondent"), an indirect wholly-owned subsidiary of the Company, for an alleged outstanding lease rental of RM18.55 million and overdue interest of RM8.57 million pursuant to the hotel sub-lease agreements entered into between the respective Claimants and the Respondent. Hearings were held on 9 March 2015, 10 March 2015, 25 May 2015 and 30 June 2017. The Respondent continues its discussion to seek an amicable settlement with the Claimants. As at 31 March 2017, there were nine unit-owners left in the arbitration proceedings which represents a potential liability of approximately RM 4.8 million in which a full provision has been made in the accounts.

35. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair values gain or loss are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Available-for-sale RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group				
2017				
Financial Assets				
Available-for-sale financial assets	**60,000**	**-**	**-**	**60,000**
Trade receivables	**-**	**8,873,826**	**-**	**8,873,826**
Other receivables	**-**	**6,131,435**	**-**	**6,131,435**
Fixed deposits with licensed banks	**-**	**9,363,683**	**-**	**9,363,683**
Cash and bank balances	**-**	**13,777,526**	**-**	**13,777,526**
	60,000	**38,146,470**	**-**	**38,206,470**

Notes to the Financial Statements

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Available-for-sale RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group (Cont'd)				
2017 (Cont'd)				
Financial Liabilities				
Trade payables	**-**	**-**	**49,931,397**	**49,931,397**
Other payables	**-**	**-**	**286,923,503**	**286,923,503**
Finance lease liabilities	**-**	**-**	**557,811**	**557,811**
Bank borrowing	**-**	**-**	**7,146,514**	**7,146,514**
	-	**-**	**344,559,225**	**344,559,225**
2016				
Financial Assets				
Available-for-sale financial assets	60,000	-	-	60,000
Trade receivables	-	7,058,369	-	7,058,369
Other receivables	-	8,099,104	-	8,099,104
Fixed deposits with licensed banks	-	5,185,715	-	5,185,715
Cash and bank balances	-	13,548,882	-	13,548,882
	60,000	33,892,070	-	33,952,070
Financial Liabilities				
Trade payables	-	-	59,016,878	59,016,878
Other payables	-	-	135,939,336	135,939,336
Amount owing to a former Director	-	-	137,393,647	137,393,647
Finance lease liabilities	-	-	961,495	961,495
Bank borrowing	-	-	7,915,008	7,915,008
	-	-	341,226,364	341,226,364
Company				
2017				
Financial Assets				
Available-for-sale financial assets	**60,000**	**-**	**-**	**60,000**
Other receivables	**-**	**56,400**	**-**	**56,400**
Amounts owing by subsidiary companies	**-**	**899,047,848**	**-**	**899,047,848**
Cash and bank balances	**-**	**27,340**	**-**	**27,340**
	60,000	**899,131,588**	**-**	**899,191,588**
Financial Liabilities				
Other payables	**-**	**-**	**201,953,361**	**201,953,361**
Finance lease liabilities	**-**	**-**	**93,401**	**93,401**
Amounts owing to subsidiary companies	**-**	**-**	**50,280,783**	**50,280,783**
	-	**-**	**252,327,545**	**252,327,545**

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Available-for-sale RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Company (Cont'd)				
2016				
Financial Assets				
Available-for-sale financial assets	60,000	-	-	60,000
Other receivables	-	56,400	-	56,400
Amounts owing by subsidiary companies	-	827,504,074	-	827,504,074
Cash and bank balances	-	2,668,111	-	2,668,111
	60,000	830,228,585	-	830,288,585
Financial Liabilities				
Other payables	-	-	8,269,347	8,269,347
Amount owing to a former Director	-	-	137,393,647	137,393,647
Finance lease liabilities	-	-	137,401	137,401
Amounts owing to subsidiary companies	-	-	477,638,474	477,638,474
	-	-	623,438,869	623,438,869

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from the inability of its customers to make payments when due, loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to a subsidiary company.

Exposure to credit risk

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM7,146,514 (2016: RM7,915,008), representing the outstanding banking facilities of a subsidiary company as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group does not have any significant exposure to any individual customer at the reporting date.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Inter Company Balances
The Company provides advances to subsidiary companies. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the advances to subsidiary companies are not recoverable other than those which had been impaired. The Company does not specifically monitor the ageing of the advances to subsidiary companies. The Company monitors the results of the subsidiary companies regularly.

Financial Guarantees
The Company provides secured corporate guarantees amounting to RM7,146,514 (2016: RM7,915,008) to banks in respect of banking facilities granted to certain subsidiary companies.

As at reporting date, the fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote.

At the end of the reporting date, there was no indication that the subsidiary company which was granted with the syndicated term loan (Note 19) would default on repayment. Hence, the financial guarantee granted by the Company has not been recognised since the fair value on initial recognition was not material. The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies.

(ii) Interest rate risk

The Group is exposed to interest rate risk arising primarily from financing through interest bearing financial assets and financial liabilities. The Group's policy is to obtain the financing with the most favourable interest rates in the market.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and to satisfy conditions for bank guarantee and borrowing facilities granted to the Group.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Interest rate risk (Cont'd)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group	
	2017	**2016**
	RM	**RM**
Fixed rate instruments		
Financial Asset		
Fixed deposits with licensed banks	**9,363,683**	5,185,715
Financial Liabilities		
Finance lease liabilitites	**557,811**	961,495
Bank borrowing - secured	**7,146,514**	7,915,008
Other payables	**10,678,227**	9,255,272
	18,382,552	18,131,775

Interest rate sensitivity analysis

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(iii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

As disclosed in Note 2(d), the Directors of the Company are of the opinion that the going concern assumption of the Group is appropriate on the basis that the Group will be able to operate and generate sufficient cash flows in the foreseeable future to enable the Group to meet its obligations as and when they fall due, and accordingly, the realisation of its assets and settlement of its liabilities will occur in the ordinary course of business.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay:

	2017			
	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM
Group				
Trade payables	**49,931,397**	**49,931,397**	**49,931,397**	**-**
Other payables	**286,923,503**	**286,923,503**	**81,263,890**	**205,659,613**
Finance lease liabilities	**557,811**	**584,023**	**268,740**	**315,283**
Bank borrowing - secured	**7,146,514**	**7,146,514**	**2,679,943**	**4,466,571**
	344,559,225	**344,585,437**	**134,143,970**	**210,441,467**
Company				
Other payables	**201,953,361**	**201,953,361**	**6,971,975**	**194,981,386**
Finance lease liabilities	**93,401**	**97,152**	**48,576**	**48,576**
Amounts owing to subsidiary companies	**50,280,783**	**50,280,783**	**50,280,783**	**-**
	252,327,545	**252,331,296**	**57,301,334**	**195,029,962**

	2016				
	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM
Group					
Trade payables	59,016,878	59,016,878	59,016,878	-	-
Other payables	135,939,336	135,939,336	135,939,336	-	-
Amount owing to a former Director	137,393,647	137,393,647	137,393,647	-	-
Finance lease liabilities	961,495	1,005,960	693,081	252,372	60,507
Bank borrowing - secured	7,915,008	7,915,008	1,583,002	2,374,504	3,957,502
	341,226,364	341,270,829	334,625,944	2,626,876	4,018,009
Company					
Other payables	8,269,347	8,269,347	8,269,347	-	-
Amount owing to a former Director	137,393,647	137,393,647	137,393,647	-	-
Finance lease liabilities	137,401	145,728	48,576	48,576	48,576
Amounts owing to subsidiary companies	477,638,474	477,638,474	477,638,474	-	-
	623,438,869	623,447,196	623,350,044	48,576	48,576

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iv) Foreign currency risk

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

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily the United States Dollar (USD).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in USD RM
Group	
2017	
Financial liability	
Bank borrowing	**7,146,514**
Other payables	**10,678,227**
	17,824,741
2016	
Financial liability	
Bank borrowing	7,915,008
Other payables	9,255,272
	17,170,280

Foreign currency sensitivity analysis
Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's loss for the financial year to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	2017 RM Increase/ (Decrease)	**2016 RM Increase/ (Decrease)**
Effects on loss for the financial year:		
USD		
- Strengthen by 5% (2016: 5%)	**891,237**	858,514
- Weaken by 5% (2016: 5%)	**(891,237)**	(858,514)

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts show in the statements of financial position.

	Fair value of financial instruments not carried at fair value				Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM
Group					
2017					
Financial Asset					
Available-for-sale financial asset	-	-	60,000	60,000	60,000
Financial Liabilities					
Finance lease liabilities	-	584,023	-	584,023	557,811
2016					
Financial Asset					
Available-for-sale financial asset	-	-	60,000	60,000	60,000
Financial Liabilities					
Finance lease liabilities	-	1,005,960	-	1,005,960	961,495
Company					
2017					
Financial Asset					
Available-for-sale financial asset	-	-	60,000	60,000	60,000
Financial Liabilities					
Finance lease liabilities	-	97,152	-	97,152	93,401
2016					
Financial Asset					
Available-for-sale financial asset	-	-	60,000	60,000	60,000
Financial Liabilities					
Finance lease liabilities	-	145,728	-	145,728	137,401

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (Cont'd)

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using 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).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

36. SIGNIFICANT EVENTS

On 28 April 2016, the Company announced through Bursa Malaysia Securities Berhad ("Bursa Securities") that the Company has on even date received a notice of unconditional voluntary take-over offer from Tan Sri Dr Chen Lip Keong ("TSCLK"), a director as at that date who is also a substantial shareholder of the Company, to acquire:

(1) all the remaining ordinary shares and outstanding warrants of the Company not already held by TSCLK; and
(2) any new shares that may be issued prior to the closing date of the offer arising from the exercise of the outstanding warrants

at a cash consideration of RM0.05 per offer share and RM0.02 per offer warrant ("the Offer"). Following the close of the Offer on 9 June 2016, TSCLK and party acting in concert collectively hold 79.28% of the total issued and fully paid up share capital of the Company. Consequently, the Company does not comply with the public shareholding spread requirements as set out in paragraph 8.02(1) of the Listing Requirements of Bursa Securities which stipulates a listed issuer must ensure that at least 25% of its listed shares (excluding treasury shares) are in the hands of public shareholders.

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirement. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Total interest-bearing borrowings (RM)	**(18,382,552)**	(18,131,775)	**(93,401)**	(137,401)
Less: Cash and bank balances (RM)	**23,141,209**	18,734,597	**27,340**	2,668,111
Total net cash/(debts) (RM)	**4,758,657**	602,822	**(66,061)**	2,530,710
Total equity attributable to the owner of the parents (RM)	**850,052,548**	826,406,111	**1,037,094,122**	1,014,335,513
Debt-to-equity ratio (%)	*	*	*	*

* *Immaterial*

There were no changes in the Group's approach to capital management during the financial year.

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

39 DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 18 July 2017.

40. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised (accumulated losses)/retained earnings of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The (accumulated losses)/retained earnings of the Group and of the Company as at 31 March 2017 and 31 March 2016 is analysed as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Total (accumulated losses)/retained earnings of the Company and its subsidiary companies				
- realised	**(150,505,165)**	(176,767,481)	**42,028,220**	19,269,611
- unrealised	**(67,069,585)**	(65,234,129)	**-**	-
	(217,574,750)	(242,001,610)	**42,028,220**	19,269,611
Less: Consolidation adjustments	**(128,352,701)**	(122,819,099)	**-**	-
Total (accumulated losses)/retained earnings	**(345,927,451)**	(364,820,709)	**42,028,220**	19,269,611

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purpose.

Group Properties
As at 31 March 2017

	Location	Area (Acres)	Description	Existing Use	Tenure	Year of Expiry	Age of Building	Carrying Amount RM	Date of Acquisition/ Last Revaluation*
1	Part of Master Title No. CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	493	Undeveloped parcels of land	Resort Development	Leasehold : 999 years	2897	-	505,362,809	*18.4.2016
2	Part of Master Title No. CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	65	5 star 485 room resort hotel	Nexus Resort & Spa Karambunai	Leasehold : 999 years	2897	19	290,459,728	*18.4.2016
3	Part of Master Title No. CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	900	Undeveloped parcels of land with an 18 hole golf course and club house	Resort Development	Leased : 99 years	2093	-	373,877,532	*18.4.2016
4	Lots PT 12292, 12293 & PT2182 Mukim Dengkil District of Sepang Selangor	1,375	Undeveloped parcels of land with an 18 hole golf course and club house	Resort Development	Leasehold : 99 years	2087	-	168,778,418	*17.4.2017
5	Part of Master Title No. CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	0.22	Buildings	Restaurant	Leasehold : 999 years	2897	5	3,493,090	27.8.2012
6	Precinct Dillenia, Karambunai Mukim Menggatal Kota Kinabalu Sabah		6 units of Spa Suites, 5 storey apartments	Residential	Leasehold : 999 years	2897	8	3,323,102	21.12.2008
7	Precinct Dillenia, Karambunai Mukim Menggatal Kota Kinabalu Sabah		2 units of Pool Villas, 1 storey semi-detached house	Residential	Leasehold : 999 years	2897	8	1,866,147	21.12.2008

Shareholders' Information
As at 30 June 2017

Issued & Fully Paid-up Share Capital	:	RM577,658,769.60 divided into 5,776,587,696 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	Every member present in person or by proxy has one (1) vote on a show of hands and on a poll, every member present in person or by proxy has one (1) vote for each share he/she holds

Size of Holdings	No. of Shareholders	No. of Shares	%
1 - 99	517	20,272	**
100 - 1,000	8,929	8,626,359	0.15
1,001 - 10,000	21,408	92,182,121	1.60
10,001 - 100,000	6,650	227,255,347	3.93
100,001 to less than 5% of issued shares	1,284	868,797,702	15.04
5% and above of issued shares	2	4,579,705,895	79.28
TOTAL	**38,790**	**5,776,587,696**	**100**

** Negligible

TOP THIRTY SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	Chen Lip Keong	4,240,524,653	73.41
2	FACB Industries Incorporated Berhad	339,181,242	5.87
3	Jin Fu	184,776,700	3.20
4	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	20,935,581	0.36
5	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Aik Pen	18,750,000	0.32
6	Teo Kwee Hock	14,049,000	0.24
7	Quantum Symbol Sdn Bhd	13,852,300	0.24
8	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	12,925,125	0.22
9	Wong Chong Ngin	12,840,000	0.22
10	RHB Capital Nominees (Tempatan) Sdn Bhd Tan Aik Pen	12,655,375	0.22
11	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Chai Hock	11,880,000	0.21
12	Ho Swee Choon	10,780,500	0.19
13	Affin Hwang Nominees (Asing) Sdn Bhd Exempt An For DBS Vickers Sec (Singapore) Ptd Ltd	10,736,100	0.19
14	Choo Keng Kit	10,200,000	0.18
15	Vun Shui Moi @ Vun Siew Moi	9,525,300	0.16

Shareholders' Information

As at 30 June 2017

TOP THIRTY SHAREHOLDERS (CONT'D)

	Name of Shareholders	No. of Shares	%
16	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kin Chuan	9,488,750	0.16
17	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For H'ng Siew Tuan	7,200,075	0.12
18	Yeoh Phek Leng	6,862,500	0.12
19	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Aik Pen	6,250,000	0.11
20	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	5,588,300	0.10
21	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Nyuk Lean	5,350,800	0.09
22	Seow Gim Beng	5,133,000	0.09
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Pet Huan	5,104,400	0.09
24	Kenangan Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Boon Poh	5,066,500	0.09
25	Jasmi Bin Mohd Ismail	5,000,000	0.09
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Hew	4,556,000	0.08
27	Tan Kim Lan	4,300,000	0.07
28	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Beng Chuan	4,275,625	0.07
29	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Bee Ling	4,070,000	0.07
30	Ng Boon Hock	3,864,200	0.07
	TOTAL	**5,005,722,026**	**86.65**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Number of Ordinary Shares held			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dr Chen Lip Keong	4,240,524,653	73.41	339,181,242 [(a)]	5.87
FACB Industries Incorporated Berhad	339,181,242	5.87	-	-

(a) Deemed interested by virtue of his interest in FACB Industries Incorporated Berhad

Warrantholders' Information

As at 30 June 2017

No. of Warrants	:	1,015,029,840 outstanding
Exercise Price	:	RM0.1306
Exercise Period	:	21 October 2013 to 20 October 2023
Exercise Rights	:	Each warrant entitles the holder to subscribe for one (1) new ordinary share in the Company at any time during the Exercise Period
Voting Rights	:	One (1) vote per warrantholder present in person or by proxy on a show of hands and one (1) vote per warrant on a poll in respect of meeting of warrantsholders

Size of Holdings	No. of Warrantholders	No. of Warrants	%
1 - 99	32	1,576	**
100 - 1,000	743	549,959	0.05
1,001 - 10,000	2,956	12,548,163	1.24
10,001 - 100,000	1,420	55,850,410	5.50
100,001 to less than 5% of outstanding warrants	584	454,545,754	44.78
5% and above of outstanding warrants	1	491,533,978	48.43
TOTAL	**5,736**	**1,015,029,840**	**100**

** Negligible

TOP THIRTY WARRANTHOLDERS

	Name of Warrantholders	No. of Warrants	%
1	Chen Lip Keong	491,533,978	48.43
2	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	32,641,300	3.22
3	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kin Chuan	20,035,300	1.97
4	Quah Choo Chunn	14,277,500	1.41
5	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	11,900,000	1.17
6	How Lea Peng	10,000,000	0.98
7	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Yong Kang @ Wang Yong Kang	7,636,100	0.75
8	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Tan Aik Pen	7,500,000	0.74
9	How Ley Hun	6,793,900	0.67
10	Chong Hon Hwee	6,347,900	0.63
11	Gow Yaw Ting	6,000,000	0.59
12	RHB Nominees (Tempatan) Sdn Bhd Tan Aik Pen	5,782,150	0.57

Warrantholders' Information
As at 30 June 2017

TOP THIRTY WARRANTHOLDERS (CONT'D)

	Name of Warrantholders	No. of Warrants	%
13	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ku Lian Sin	5,500,000	0.54
14	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Sow Keng	4,860,000	0.48
15	Lim E @ Lim Hoon Nam	4,683,600	0.46
16	Ku Lian Sin	4,039,700	0.40
17	Chang Gek Teck	4,000,000	0.39
18	Tan Kim Teck	4,000,000	0.39
19	Wong Weng Onn	3,800,000	0.37
20	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lan Kok Ping @ Lim Kok Ping	3,500,000	0.34
21	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Bee Ling	3,331,500	0.33
22	Hong Eng Kwee @ Hong Eng Hwe	3,120,000	0.31
23	Lew Kok Fah	3,083,000	0.30
24	Kiew Lien Tuong	3,000,000	0.30
25	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kwee Eng	3,000,000	0.30
26	Lim Chee Cheng	3,000,000	0.30
27	Ho Swee Choon	2,932,200	0.29
28	Yeoh Phek Leng	2,745,000	0.27
29	Ng Jin Joo	2,740,000	0.27
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chee Zen Kwang	2,700,000	0.27
	TOTAL	**684,483,128**	**67.44**

Directors' Shareholdings and Warrantholdings

As at 30 June 2017

Directors	Number of Ordinary Shares				Number of Warrants			
	Direct Interest	%	Deemed Interest	%	Direct Interest	%	Deemed Interest	%
1. Datuk Wan Kassim Bin Ahmed	-	-	-	-	-	-	-	-
2 Chen Yiy Fon	-	-	-	-	-	-	-	-
3. Dato' Dr Mohd Aminuddin Bin Mohd Rouse	-	-	-	-	-	-	-	-
4. Lim Mun Kee	-	-	-	-	-	-	-	-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty First ("51st") Annual General Meeting of Karambunai Corp Bhd will be held at Nexus Resort & Spa Karambunai, Sigunting Conference Room of No. 1, Nexus Drive West, Karambunai, off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Tuesday, 29 August 2017 at 9.30 a.m. for the following purposes :-

AGENDA

As Ordinary Business:-

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the Reports of Directors and Auditors thereon. *(Please refer to Note (a) of the Explanatory Notes)*

2. To approve the payment of Directors' fees and benefits of RM114,000 for the financial year ended 31 March 2017 (2016: RM114,000). *Resolution 1*

3. To approve the payment of Directors' fees and benefits of up to RM114,000 for the financial year ending 31 March 2018 (2017: RM114,000). *Resolution 2*

4. To re-elect Datuk Wan Kassim Bin Ahmed who is retiring pursuant to Article 107 of the Company's Constitution, and being eligible, offers himself for re-election. *Resolution 3*

5. To re-appoint Dato' Dr Mohd Aminuddin Bin Mohd Rouse as Director. *Resolution 4*

6. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 5*

   Special Notice pursuant to Section 280(2)(b)(ii) and 322 of the Companies Act 2016, a copy of which is set out in the Annual Report and marked as "Annexure A", has been received by the Company to propose the following Ordinary Resolution:-

   "**THAT** Messrs. Moore Stephens Associates PLT, be hereby appointed as Auditors of the Company in place of the outgoing Auditors, Messrs. UHY, to hold office until the conclusion of the next Annual General Meeting and that authority be hereby given to the Directors of the Company to determine their remuneration."

As Special Business :-

To consider and, if thought fit, pass the following Ordinary Resolutions :-

7. **Authority to Allot and Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016** *Resolution 6*

   "**THAT** subject to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company's Constitution, the Directors of the Company be and are hereby authorised, pursuant to Section 75 and 76 of the Companies Act 2016, to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares/total number of voting shares of the Company for the time being."

8. **Continuing in Office as Independent Non-Executive Director** *Resolution 7*

"**THAT** subject to the passing of Ordinary Resolution 3, approval be and is hereby given for Datuk Wan Kassim Bin Ahmed, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."

9. To transact any other ordinary business of which due notice shall have been received.

By Order of the Board

YEW NYUK KWEI, MACS 01247
Company Secretary

Kota Kinabalu
31 July 2017

Notes :-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

2. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, either under its common seal, or the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power of authority, shall be deposited at the Company's Registered Office at No. 9020, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjourned meeting.

4. Please note that in order to attend and vote at the Meeting, a member must be registered in the Record of Depositors at 4.00 p.m. on 21 August 2017 in accordance with Article 51(e) of the Company's Constitution. Any changes in the entries on the Record of Depositors after the above mentioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

5. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorized nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus") to appoint multiple proxies in respect of each omnibus account it holds.

6. The 2017 Annual Report is in CD-ROM format. Printed copies of the Annual Report shall be provided to the shareholders upon request. Shareholders who wish to receive a printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Mr Goh Chin Khoon at Tel: 03-79681001 & Fax: 03-79588013 or Ms Shirley Wong at Tel: 088–480870 / 411111 & Fax: 088-412111 or e-mail to cosec@karambunaicorp.com.

Notice of Annual General Meeting

EXPLANATORY NOTES:-

(a) Agenda 1 - Audited Financial Statements

The Audited Financial Statements are laid before the shareholders for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

(b) Ordinary Resolution 4 - Re-appointment of Dato' Dr Mohd Aminuddin Bin Mohd Rouse as Director

Dato' Dr Mohd Aminuddin Bin Mohd Rouse is above 70 years of age and pursuant to the resolution passed at the 50th Annual General Meeting held on 26 August 2016, he would be retiring at the forthcoming 51st AGM. Section 129 of the Companies Act 1965, which requires a Director who has reached 70 years of age to retire annually has been abolished and there is no age limit under the new Companies Act 2016. Hence, Directors who have reached 70 years of age are no longer required to retire annually but subject to retirement by rotation pursuant to the Company's Constitution. The Board therefore recommends the re-appointment of Dato' Dr Mohd Aminuddin Bin Mohd Rouse as Director of the Company at the forthcoming 51st Annual General Meeting to hold office until his retirement in accordance with the Company's Constitution.

(c) Ordinary Resolution 6 - Authority to Allot and Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016

The proposed resolution, if passed, will empower the Directors to issue shares up to 10% of the total number of issued shares/total number of voting shares of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company. No proceeds were raised from the previous mandate. The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including placement of shares, for the purpose of funding further investment project(s), working capital and/or acquisitions.

(d) Ordinary Resolution 7 - Continuing in Office as Independent Non-Executive Director

Datuk Wan Kassim Bin Ahmed was appointed an Independent Director on 20 October 1998 and he has served the Company for more than nine (9) years as at the date of the notice of the Annual General Meeting. Datuk Wan Kassim Bin Ahmed has met the independent guideline as set out in chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Datuk Wan Kassim Bin Ahmed to be independent and recommends Datuk Wan Kassim Bin Ahmed to remain as Independent Director.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Name of Director standing for re-election:-

   (a) Datuk Wan Kassim Bin Ahmed - Ordinary Resolution 3

2. Information about the Director standing for re-election is set out under Profile of the Board of Directors and Key Senior Management section of the Annual Report, and the details of the Director's attendance of Board Meetings held during the financial year ended 31 March 2017 are set out under Other Compliances Statement section of the Annual Report.

Annexure A

Date: 20 July 2017

The Board of Directors
KARAMBUNAI CORP BHD
No. 9020, Nexus Drive West
Karambunai, Menggatal
88450 Kota Kinabalu, Sabah

Dear Sirs,

SPECIAL NOTICE – NOMINATION OF AUDITORS

I, being a shareholder of Karambunai Corp Bhd hereby give notice pursuant to Section 280 (2) (b) (ii) and 322 of the Companies Act 2016 of my intention to nominate Messrs. Moore Stephens Associates PLT for appointment as Auditors of Karambunai Corp Bhd in place of the outgoing Auditors, Messrs. UHY and to propose the following Ordinary Resolution to be tabled at the forthcoming 51st Annual General Meeting of Karambunai Corp Bhd:-

"THAT Messrs. Moore Stephens Associates PLT, be hereby appointed as Auditors of the Company in place of the outgoing Auditors, Messrs. UHY, to hold office until the conclusion of the next Annual General Meeting and that authority be hereby given to the Directors of the Company to determine their remuneration."

Thank you.

Yours faithfully,

....
WONG FUI CHAU

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Proxy Form

KARAMBUNAI CORP BHD (6461-P)
(Incorporated in Malaysia)

Securities Account Number															Number of Shares
ADA Code			Branch Code			CDS Account No.									

*I/We, ____
(Please use block letters)

of ____
(Full address)

being a *member/members of **KARAMBUNAI CORP BHD** hereby appoint:-

Full name (in Block)	*NRIC/Passport No./ Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Full name (in Block)	*NRIC/Passport No./ Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Fifty First ("51st") Annual General Meeting of the Company to be held at Nexus Resort & Spa Karambunai, Sigunting Conference Room of No. 1, Nexus Drive West, Karambunai, off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Tuesday, 29 August 2017 at 9.30 a.m. and any adjournment thereof.

*Please indicate with "X" in the appropriate box how you wish your vote to be cast. If this proxy Form is returned without any indication as how the proxy shall vote, the proxy will vote or abstain from voting as *he/she/they may think fit.*

No.	Resolutions	FOR	AGAINST
1	Approval of Directors' fees and benefits for the financial year ended 31 March 2017		
2	Approval of Directors' fees and benefits for the financial year ending 31 March 2018		
3	Re-election of Datuk Wan Kassim Bin Ahmed as Director		
4	Re-appointment of Dato' Dr Mohd Aminuddin Bin Mohd Rouse as Director		
5	Appointment of Messrs. Moore Stephens Associates PLT as Auditors in place of the outgoing Auditors, Messrs. UHY, and to authorise the Directors to determine their remuneration		
6	Authority pursuant to Section 75 and 76 of the Companies Act 2016		
7	Continuing in office of Datuk Wan Kassim Bin Ahmed as Independent Non-Executive Director		

* Strike out whichever not applicable

Signed this ______________ day of ________________, 2017

____
Signature/Seal of Shareholder

____
Contact No. (during office hours)

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
2. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal, or the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power of authority, shall be deposited at the Company's Registered Office at No. 9020, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjourned meeting.
4. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorized nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus") to appoint multiple proxies in respect of each omnibus account it holds.
5. In respect of deposited securities, only members whose names appear in the Record of Depositors at 4.00 p.m. on 21 August 2017 shall be entitled to attend the Meeting or appoint proxies to attend and vote in his/her stead.

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Affix Stamp

THE COMPANY SECRETARY

KARAMBUNAI CORP BHD **6461-P**
No. 9020, Nexus Drive West, Karambunai
PPM No. 200, Menggatal
88450 Kota Kinabalu
Sabah, Malaysia

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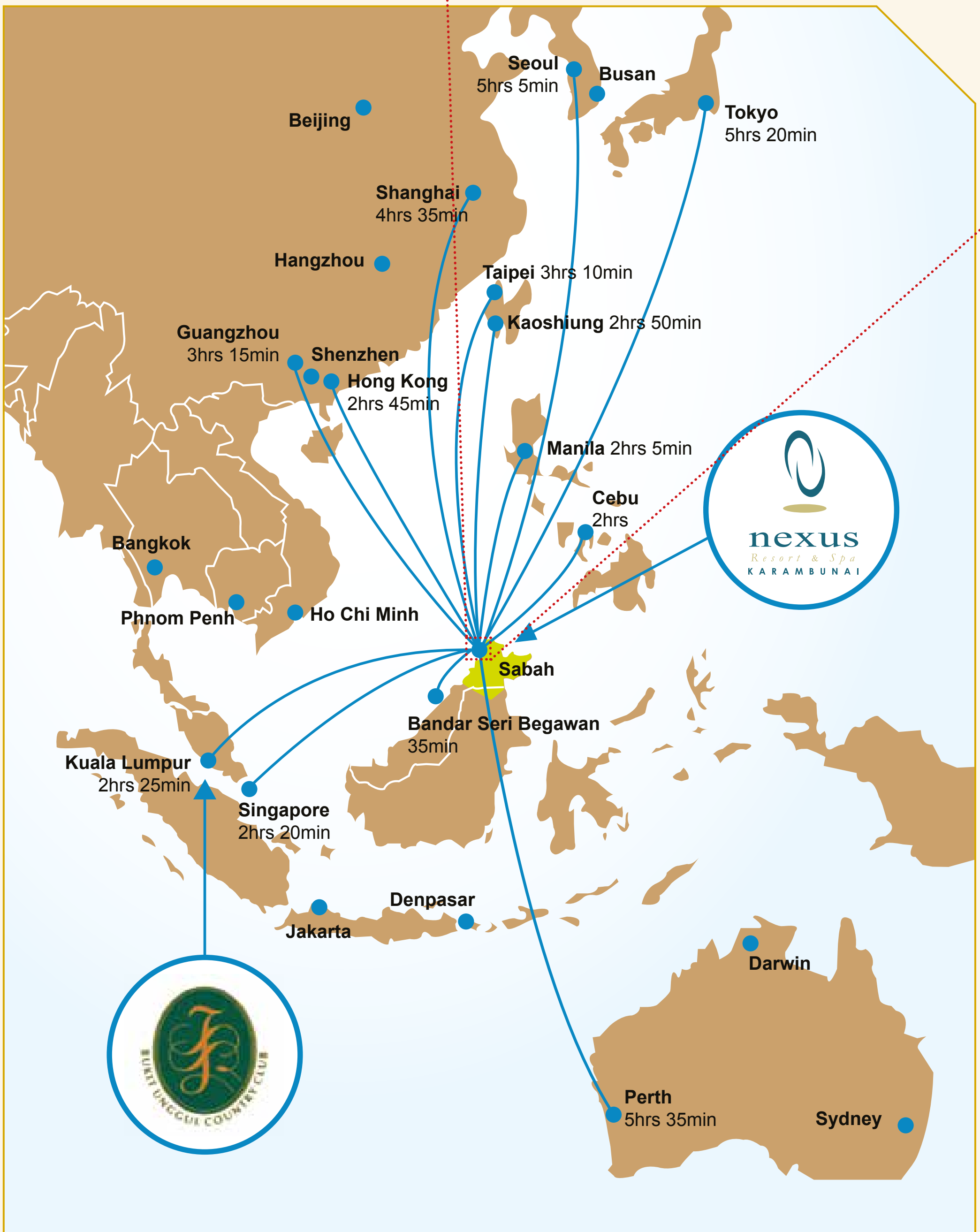
Polytechnic Kota Kinabalu
KARAMBUNAI PENINSULA
Kota Kinabalu Industrial Park
Sepangar Bay
Sepangar Bay Port
South China Sea
University Technology MARA
University Malaysia Sabah
MENGGATAL
Sabah Foundation
Gaya Bay
Kota Kinabalu City Hall
Tanjung Aru
Kota Kinabalu International Airport


Kudat
Tuaran
Kinabalu Park
Kota Kinabalu
Turtle Islands
Sandakan
Ranau
Beluran
Papar
Tambunan
Crocker Range Park
Kuala Penyu
Keningau
Sabah
Kinabatangan
Tabin Wildlife Reserve
Lahad Datu
Bandar Seri Begawan
Sipitang
Kota Kinabatangan
Danum Valley Conservation Area
Maliau Basin Conservation Area
Kunak
Tun Sakaran Marine Park
Bangar
Brunei
Tawau
Semporna
Limbang


Seoul
5hrs 5min
Busan
Tokyo
5hrs 20min
Beijing
Shanghai
4hrs 35min
Hangzhou
Taipei 3hrs 10min
Kaoshiung 2hrs 50min
Guangzhou
3hrs 15min
Shenzhen
Hong Kong
2hrs 45min
Manila 2hrs 5min
Cebu
2hrs
nexus
Resort & Spa
KARAMBUNAI
Bangkok
Phnom Penh
Ho Chi Minh
Sabah
Bandar Seri Begawan
35min
Kuala Lumpur
2hrs 25min
Singapore
2hrs 20min
Denpasar
Jakarta
Darwin
Perth
5hrs 35min
Sydney
BUKIT UNGGUL COUNTRY CLUB

Karambunai Corp Bhd (6461-P)

Sabah Sales Office - Nexus Resort & Spa Karambunai

No. 1, Nexus Drive West, Karambunai, Off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia.
Tel : +6088-480 888 • Fax : +6088 480 999

Kuala Lumpur Sales Office - Nexus Resort & Spa Karambunai

1st Floor, 118, Jalan Semangat, 46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel : +603-7955 5501 • Fax : +603-7955 5661

Website : www.nexusresort.com