

The logo for MCT, consisting of the letters 'MCT' in a bold, white, sans-serif font.

BUILDING SUSTAINABLE COMMUNITIES

FORWARD WITH PROGRESS

ANNUAL REPORT 2017



MISSION

Embracing sustainable ecosystem ideas in our properties to make our communities healthier, safer, greener, more liveable & more prosperous.

VISION

To build the perfect sustainable community.

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Cybersouth

Cybersouth is our first township development which is situated on a 417-acre land, and is a nature-inspired integrated township which consist of residential, commercial, education and recreational components.



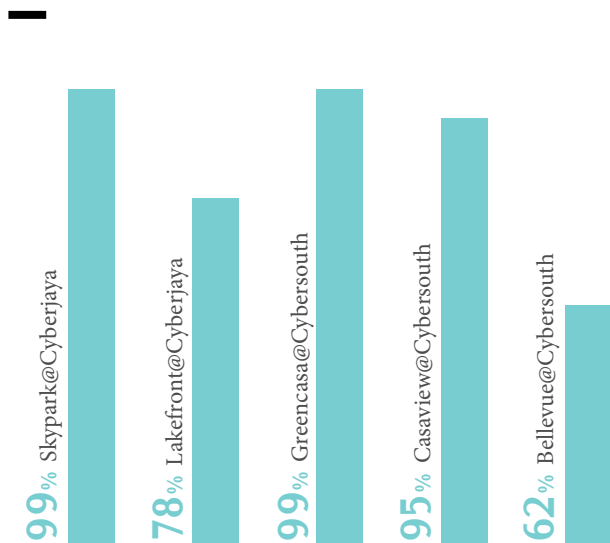
FORWARD WITH PROGRESS

Guided by its highly experienced team with a keen eye for detail and its own building technology, MCT Berhad has over the years perfected the art of designing and building quality residential sanctuaries that encourage contemplative, yet collaborative lifestyles within sustainable ecosystems. As an integrated property developer, MCT will continue to shape the future of affordable housing in Malaysia, adding value and improving the quality of life of its residents while at the same time, driving long-term shareholder value.

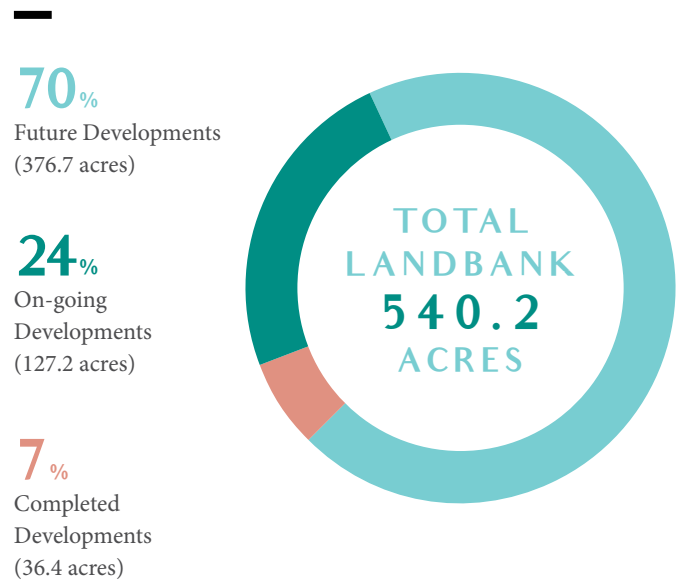


2017 AT A GLANCE

SALES STATUS



SIZEABLE LANDBANK



MCT + AYALA LAND = SYNERGISTIC BENEFITS

MCT is able to tap on Ayala Land's experience and expertise as one of the largest property developer in Southeast-Asia in order to enhance its development projects and unlock more value.



STRATEGIC LOCATION OF LANDBANK

MCT's current landbank are strategically located at Subang Jaya, Cyberjaya, Dengkil and Tebrau.



STRONG ON-GOING PROJECTS IN THE PIPELINE

Estimated GDV of RM12.9 billion from On-going and Future Developments.



UNBILLED SALES

Recorded unbilled sales of RM1.6 billion at end FY 2017.



CyberSouth

Inspired by nature-centred living, this integrated development allows residents to have peace of mind within the tranquil environment of CyberSouth.

Lakefront

The right balance of a “work, live and play” environment where residents live within well-designed spaces that are close to a wide variety of amenities and facilities.



OneCity, USJ

Catered to those who seek a bold and dynamic lifestyle within urban city centres, OneCity@USJ is an all-in-one lifestyle and commercial epicentre that offers the perfect blend of exciting facilities and amenities for young professionals.





We are currently developing our first township in Cybersouth and have various completed as well as on-going residential, retail and commercial projects in Cyberjaya and One City, USJ.

CORPORATE PROFILE

Established in 1999, MCT Berhad (“MCT” or “the Company”) is a fast emerging company with key business interests in property development, construction and other complementary businesses. We were listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 6 April 2015.

Our success has been reinforced by our integrated business model that allows us to keep major development processes in-house such as our own design, construction and purchasing teams as well as our own pre-cast and ready-mixed concrete plant. This business model has allowed us to adapt swiftly to market changes and consumer demand, while at the same time manage costs more effectively.

Given our remaining landbank size of over 500 acres with an estimated Gross Development Value (“GDV”) of over RM12.9 billion, our Group is focused on developing affordably-priced projects at strategic locations, namely Cybersouth in Dengkil; Skypark and Lakefront in Cyberjaya; and One City in USJ, Subang Jaya. Our upcoming projects include Cyber ONE located at Cyberjaya which we expect to launch in 2018.

Leveraging on our core competencies in property development and construction, we strive to deliver well-designed, quality, sustainable affordable homes that are supported by the right infrastructure, facilities and amenities at strategic locations, in line with our mission “*Embracing sustainable ecosystem ideas in our properties to make communities healthier, safer, greener, more liveable and more prosperous*”. Ultimately, we seek to deliver improved social, economic and environmental outcomes to our communities, and even to those who live in the surrounding areas through our integrated developments.

Drawing on the wide-ranging experience of our team as well as the expertise of the founders and our strategic investor, Ayala Land, we will continue to push boundaries to create sustainable, connected communities, based on our core values of Positive, Innovative and Proactive. We are well-positioned to face the challenges of the future while at the same time, deliver strong financial performance and enhance shareholder value.



CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' SRI ABI MUSA ASA'ARI BIN
MOHAMED NOR

(Chairman)

JOSE JUAN Z. JUGO

(Chief Executive Officer)

DATO' SRI TONG SEECH WI

(Executive Director)

TAN SRI DATO' SRI GOH MING CHOON

TAN SRI DATO' HJ ABD. KARIM BIN
SHAIKH MUNISAR

DATUK LIM KOK BOON

BERNARD VINCENT OLMEDO DY

ANNA MARIA MARGARITA BAUTISTA DY

LAO CHOK KEANG

AUDIT AND RISK MANAGEMENT COMMITTEE

Lao Chok Keang (Chairman)

Tan Sri Dato' Sri Abi Musa Asa'ari Bin

Mohamed Nor

Tan Sri Dato' Hj Abd. Karim Bin Shaikh Munisar

Anna Maria Margarita Bautista Dy

REMUNERATION COMMITTEE

Tan Sri Dato' Sri Abi Musa Asa'ari Bin

Mohamed Nor (Chairman)

Tan Sri Dato' Hj Abd. Karim Bin Shaikh Munisar

Bernard Vincent Olmedo Dy

NOMINATION COMMITTEE

Tan Sri Dato' Hj Abd. Karim Bin

Shaikh Munisar (Chairman)

Tan Sri Dato' Sri Abi Musa Asa'ari Bin

Mohamed Nor

Bernard Vincent Olmedo Dy

COMPANY SECRETARIES

Chua Hooi Sian (MAICSA 7014565)

Chua Siew Chuan (MAICSA 0777689)

Mak Chooi Peng (MAICSA 7017931)

REGISTERED OFFICE

Level 7, Menara Milenium

Jalan Damanlela, Pusat Bandar Damansara

Damansara Heights, 50490 Kuala Lumpur

Wilayah Persekutuan

Tel No. : 603-2084 9000

Fax No. : 603-2094 9940, 2095 0292

HEAD OFFICE/PRINCIPAL

PLACE OF BUSINESS

Ground Floor, MCT Tower, One City

Jalan USJ 25/1, 47650 Subang Jaya

Selangor Darul Ehsan, Malaysia

Tel No. : 603-5115 9988

Fax No. : 603-5115 9995

Website : www.mct.com.my

REGISTRAR

Securities Services (Holdings) Sdn Bhd

Level 7, Menara Milenium, Jalan Damanlela

Pusat Bandar Damansara, Damansara Heights

50490 Kuala Lumpur

Wilayah Persekutuan

Tel No. : 603-2084 9000

Fax No. : 603-2094 9940

AUDITORS

Deloitte PLT

Chartered Accountants

Level 16, Menara LGB

1, Jalan Wan Kadir

Taman Tun Dr Ismail

60000 Kuala Lumpur

SOLICITORS

M/S LOW & LEE

Suite A-05-07 Block A Level 5

Sky Park One City

Jalan USJ25/1

47650 Subang Jaya

Selangor Darul Ehsan

Tel No. : 603-5115 0007

Fax No. : 603-5115 0020

M/S PEARLY NG, SOH & ASSOCIATES

No. 29, Lorong Maarof 1

Bangsar Park, 59000 Kuala Lumpur

Tel No. : 603-2282 3768

Fax No. : 603-2282 5898

PRINCIPAL BANKERS

Malayan Banking Berhad

Malaysia Building Society Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : MCT

Stock Code : 5182

INVESTOR RELATIONS

Email : info@mct.com.my

MCT BERHAD

100%

MCT CONSORTIUM BHD

PROPERTY DEVELOPER

- USJ One Avenue Sdn Bhd
- Lakefront Residence Sdn Bhd
- Sky Park Properties Sdn Bhd
- One Residence Sdn Bhd
- The Place Properties Sdn Bhd
- Eco Green City Sdn Bhd
- Undersea City Sdn Bhd
- Subang Residency Sdn Bhd
- Next Delta Sdn Bhd
- SPCJ Green Tech Sdn Bhd
- Cherish Properties Sdn Bhd
70% Vista Global Development Sdn Bhd⁽¹⁾
- One City Development Sdn Bhd
100% One City Properties Sdn Bhd

CONTRACTOR

- Modular Construction Technology Sdn Bhd

TRADING HOUSE

- MCT Construction Materials Sdn Bhd
- MCT Store Sdn Bhd

PROJECT/PROPERTY MANAGEMENT

- MCT Homes Sdn Bhd
- MCT Property Management Sdn Bhd
- MCT Properties Sdn Bhd

ENERGY & UTILITIES

- MCT Green Technology Sdn Bhd

HOSPITALITY

- eCity Hotel Sdn Bhd
- Premium Cinema Sdn Bhd
- Skypark Fitness Sdn Bhd

PROPERTY INVESTMENT

- Ecolake Residence Sdn Bhd
- Leisure Event Sdn Bhd
- Timeless Hectares Sdn Bhd
- Solid Benefit Sdn Bhd
- Solid Interest Sdn Bhd
- Solid Recommendation Sdn Bhd
- Roaring Gain Sdn Bhd
- Nexus Advertising Sdn Bhd

Note:

⁽¹⁾ 70% held by Cherish Properties Sdn Bhd.

Except as otherwise expressly stated, all companies in this structure are wholly owned by their respective holding companies.



CHAIRMAN'S STATEMENT

**TAN SRI DATO' SRI ABI MUSA
ASA'ARI BIN MOHAMED NOR**

Independent Non-Executive Chairman



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it is my pleasure to present MCT Berhad's Annual Report for the Financial Year ended 30 June 2017.

With the closing of Financial Year 2017, this marks our second full year of operations as a public-listed company on Bursa Malaysia Securities Berhad. Notwithstanding the economic uncertainties, we capitalised on our integrated business model and intensified our efforts to deliver on strategy. We reshaped and repositioned our Company to move into a new stage of growth as an integrated property developer.

GOVERNANCE

Over the years, we have seen an overall upward trend in the country's Gross Domestic Product, which means that Malaysia's economic foundations are sound. Central to our ability to grow was the Government's national agenda to build and provide more affordable homes in the country and the strong demand from consumers, especially amongst the younger generation who have just entered the workforce.

For us, this presented an immense range of opportunities to embrace, and we did. With a remaining landbank size of more than 500 acres with an estimated Gross Development Value (GDV) of over RM12.9 billion, we were able to capitalise on these growth opportunities. In driving progress, we reinforced our focus on increasing the quality of our developments and made inroads in enhancing customer experience. As a result, we witnessed strong response to our developments which contributed RM1.6 billion in unbilled sales and successfully cleared 51.6% of our existing inventory amounting to RM287 million in GDV.

At MCT, we are also mindful of our accountability to our shareholders. Recognising the importance of maintaining good business practices as set out by the Malaysian Code of Corporate Governance, we reinforced the Enterprise Wide Risk Management Programme where MCT's risks mapping and strategies were identified and shared throughout the organisation. The current whistleblowing policy of our Group is also being enhanced, creating a more defined structure to encourage improvements in current governance and business practices.

INDUSTRY OUTLOOK

The Malaysian economy moving forward is expected to expand further, backed by resilience in domestic demand and private consumption. The property industry will see improved consumer sentiment and even heightened competition, despite the various cooling measures and stringent banking guidelines on home ownership.

We have seen positive traction towards our developments located across Subang Jaya, Cyberjaya and Dengkil as more Malaysians are attracted to owning properties in these areas. This has been further augmented with the introduction of various Government infrastructure projects that enhance connectivity and accessibility, like the Mass Rapid Transit, the Light Rail Transit and other major highways.

We witnessed strong response to our developments which contributed RM1.6 billion in unbilled sales at the end of Financial Year 2017.





We introduced MCT's Runway to Growth, which outlines key growth milestones to stay agile and take our Company up to the next level.

Against this backdrop, we introduced MCT's *Runway to Growth*, which outlines key growth milestones to stay agile and take our Company up to the next level. Guided by this plan, we will move forward with confidence on current projects and introduce new ones over the next few years. We will work to increase our land bank, expand into new locations with a view for future projects over the short to long term in a bid to secure our sustained growth.

We recognise that achieving these targets will entail even more preparation by the Company. For MCT to reach its most robust capabilities, steps have also been put in place to enhance the professional depth of the organisation even further, which include structuring, streamlining and improving internal processes, build human capital and organisational development as well as reach higher levels of corporate governance. As we enter the most crucial stage of our Company's journey, all this needs to be carried out while keeping true to the vision set forth by our Company's founders.

Our outlook over the next several years is clear. We have made great strides and we are well-positioned to take on the various growth opportunities presented, capitalising on our Nation's current unique demographic and economic position. We will continue to strive to stay ahead of the curve so that all opportunities are harnessed ahead of time.



BOARDROOM CHANGES

On behalf of the Board of Directors, I would also like to take this opportunity to announce certain changes in our Board composition.

The Board of Directors has collectively and unanimously agreed in the last Financial Year that a key step in MCT's transformation and evolution is the passing of the baton in management leadership. In this respect, Dato' Sri Tong Seech Wi who headed the Company from its very beginnings and anchored it on its promising foundations today, has now taken the role of Executive Director. He has entrusted management leadership to a new Chief Executive Officer, Jose Juan Z. Jugo who was formerly with the Company's current single largest shareholder, Philippine-based conglomerate Ayala Land.



Likewise, Datuk Lim Kok Boon who has been Executive Director since the Company's listing is now Non-Executive Director.

The Board is confident that with the combined knowledge and experience of the new Chief Executive Officer and new Executive Director, greater transformation over the short-term in anticipation of long-term growth is now all the more achievable for MCT.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I extend my gratitude to all stakeholders who have made MCT a successful and promising organisation. First and foremost, I would like to thank the employees for all their hard work and their perseverance amidst all the daily headwinds. Without their daily contributions, we would not have been able to harvest, nor shall we be able to harvest any of the fruits from our operations.

Likewise, I would also like to personally thank my fellow Directors for the shared visions we discuss and deliberate on. The assembled wisdom from the Company's founders, representatives from our single largest shareholder Ayala Land, and the Independent Directors has been a tremendous driver in our success.

Finally, and in closing, I thank all shareholders of MCT for the real trust extended to our Company as we continue our young and promising journey to sustainable growth.

TAN SRI DATO' SRI ABI MUSA ASA'ARI MOHAMED NOR
Independent Non-Executive Chairman

**CEO'S
STATEMENT**

JOSE JUAN Z. JUGO

Non-Independent Executive Director and Chief Executive Officer



CEO'S STATEMENT

It gives me great pleasure to present MCT Berhad's Annual Report for Financial Year 2017.

Throughout the year in review, MCT pursued its vision of creating distinct property development projects that enable communities to lead healthier, safer, greener, and more prosperous lives. We responded to market changes and remained relevant in the changing property and property-related lifestyle environment by staying positive, innovative and proactive to meet the evolving needs of consumers. More importantly, we laid down the framework to support our growth for the future.

DRIVING GROWTH

Throughout the Financial Year, our ability to innovate and add value was particularly important, given the current economic landscape.

Our primary focus was to clear inventory, enhance our sales strategies and expand distribution channels. We also leveraged on the strong housing demand from first time home buyers and middle income households by introducing affordable properties below the RM700,000 range. Focusing on the broader segment of the market, we delivered quality, innovative and sustainable products to our clients.

Through project completion over the last twelve months, we continued to steadily reap the returns from development investments made in prior years. We ended FY 2017 with revenues of RM622.9 million and profit after tax of RM63.7 million, as compared to revenues of RM654.9 million and profit after tax of RM77.4 million in the previous year.

The Company's profit after tax would have been RM77.3 million, or 99% of FY 2016, without the one-off write down in value of our chiller plants. Property development continued to be the strong financial driver, contributing 92.7% of our Group's revenue for FY 2017 at RM577.6 million whilst revenue from property development in FY 2016 stood at RM591.9 million, 90.4% of our Group's total revenue for FY 2016.

With more robust distribution channels, our sales velocity and conversions increased by almost seven times in the fourth quarter of FY 2017 as compared to the third quarter of the same year, achieving RM1.6 billion in unbilled sales as at the end of FY 2017 that is awaiting conversion. Skypark @ Cyberjaya, a high-density mixed-used development is 99% taken-up, and we launched a new project,



Bellevue @ Cybersouth which has a GDV of RM137 million. As of today, Bellevue @ Cybersouth is almost fully sold. As we work towards completing our on-going and newly launched projects according to plan, we expect to harvest the rewards from these newly generated sales over the medium term.

On the construction and complementary business segment front, we streamlined operations of construction works in order to reduce operating, general and administrative expense spend to offset impact of the weak Ringgit. We also continued efforts to increase efficiency of the complimentary businesses segment, resulting in a 16.0% decrease in expenses from RM145.0 million to RM121.8 million during the current year before the one-off impairment of RM13.6 million for our chiller plants.

FORWARD WITH PROGRESS

In preparing MCT for the long-term, we introduced *Runway to Growth*, a strategic plan that allows the Company to access opportunities over the longer horizon.

Our Group took into account the current macro and operating environments, feedback received from stakeholders and most importantly, taking time to understand customer needs and wants. Then actions were aligned to the core growth opportunities identified and centred on goal-driven outcomes that will ultimately enhance long-term shareholder value.



The main key thrusts of *Runway to Growth* are as follows:

i. Define MCT's niche in a crowded marketplace

In order to meet new opportunities, it is important to strengthen our niche in the crowded and highly competitive property industry. In this space, we will continue to leverage on our strengths and focus on what we are good at – an integrated property developer.

ii. Increase landbank size and expand into new markets

We are focusing heavily on increasing our presence beyond the areas where we are already established. Currently, we have more than 500 acres of landbank remaining with a GDV of more than RM12.9 billion. Our existing projects are located strategically in Subang Jaya, Cyberjaya and Dengkil where property values are expected to appreciate given the current plans to upgrade the infrastructure network and transit connectivity in this area, mainly with the Mass Rapid Transit (MRT), Express Rail Link (ERL) and the upcoming Cyberjaya City Centre.

Moving forward, securing land in new geographies will allow us to generate expanded values from different markets, in parallel to what we have already set in motion at our established locations. It is only through addressing new market demands in new locations that we will be able to deliver long-term value to our customers and shareholders. Therefore, building our landbank at strategic, choice locations is our priority.

iii. Increase customer satisfaction

When it comes to designing new developments, we will optimise our resources and harness the power of the various teams across MCT to increase productivity and output towards customer facing products. The in-house sales and marketing teams as well as distribution channels will be optimised to improve customer experience across all business segments and products.

iv. Optimise our resources

The organisation is now at a very encouraging juncture. It is a young public-listed company with the right foundations in place for growth. Having said that, we are also cognisant that success of this organisation lies in the quality and strength of our people. To ensure that we effectively harness all opportunities for growth, we will pay great attention to the broader development of our employees, increase emphasis on working as different project teams that share common goals and build a stronger sense of accountability towards the Company. We will work hard to build a strong, open, inclusive and interactive corporate culture with a unified vision.



v. **Build a strong pipeline of innovative projects and increase shareholder value**

With more than 500 acres of land remaining in our existing holdings, we will continue the thoughtful planning and responsible development of our upcoming projects and products. Based on our experience and knowledge gained from our various developments, we aim to design new projects that fulfil the demand for high quality yet affordable living spaces within sustainable environments that are well-connected and easily accessible.

Innovation, customer delight through product quality, environmental responsibility, cost efficiencies and building MCT's brand equity will be key drivers for the organisation as more products are planned and delivered to the market. Over the next year, we plan to replenish our project pipeline as well as release fresh inventory through new projects and new phases within our existing townships, totalling to an approximate GDV of over RM400 million. This will allow us to secure our growth trajectories over an even longer period.

At MCT, we will continue emphasising on doing things right, and on doing the right things.

ACKNOWLEDGEMENTS

As we start a new and exciting financial year, I wish to express my gratitude to my predecessor and one of MCT's founders, Dato' Sri Tong Seech Wi, for having guided the organisation from its roots to where we are today, and for the continued and selfless advise as we move forward. Likewise, I would also like to thank the Board of Directors for their encouragement and collective wisdom as we continue setting policies and strategies.

My most heartfelt appreciation also goes out to all my colleagues at MCT for their relentless passion, dedication and hard work. None of what has been accomplished and what we are about to do would be possible without their contributions.

On behalf of all my colleagues, I wish to thank all the shareholders of the Company for the continued trust, confidence and encouragement as we take MCT to greater distances.

JOSE JUAN Z. ZUGO

*Non-Independent Executive Director and
Chief Executive Officer*

MANAGEMENT DISCUSSION & ANALYSIS



Throughout FY 2017, we took actions that would continue to amplify the strength of our business and competitive advantage for the long-term.

Our Company was listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 6 April 2015, following the completion of a reserve takeover exercise. An integrated builder, our Group consists of three key segments, namely property, construction and other complementary businesses. We are focused on strengthening our position in the industry and become a key property player in Malaysia.

OUR BUSINESS MODEL

Our Group has evolved into a full-fledged property developer that has in place its own bespoke capabilities to undertake every aspect of the entire value chain of project development in an effort to build quality homes for Malaysians from all walks of life.

The business model we have put in place is built around three key priorities – property development, construction and other complementary businesses. Guided by our core values – Positive, Innovative and Proactive – we believe we can create and add value to our communities, as rooted in our vision, “*To build the perfect sustainable community*”, thus allowing residents and locators those in the surrounding communities to experience a good quality of life for the long term.

MANAGEMENT DISCUSSION & ANALYSIS

Based on this, we have built a robust framework that clearly outlines our business models:

FINANCIAL PERFORMANCE

We recorded a revenue of RM622.9 million and profit after tax of RM63.7 million for FY 2017 as compared to revenues of RM654.9 million and profit after tax of RM77.4 million in FY 2016, despite market conditions.



Revenue experienced a 4.9% decrease mainly due to the decline in leasing revenue arising from the expiry of the guaranteed rental return scheme at One City and also lower contribution from the MICE division.

During the financial year ended 30 June 2017, we witnessed lower profit margins of 34.4% of RM214.2 million as opposed to 40.4% in the previous year due to differences in product mix and various stages of completion from our existing projects.

Despite the drop in gross profit, cost rationalisation and opportunities for streamlining operations were positively impacted as expenses dropped 16.0% from RM145.0 million to RM121.8 million during the current year in review, before the one-off impairment of RM13.6 million for our chiller plants (which supplies air-conditioning to The Place @ Cyberjaya and One City developments). The ratio of operating and administrative expenses to revenue without impairment stood at 19.5% and 22.1% for FY 2017 and FY 2016, respectively.

During the year, we also received an RM14.9 million government grant which was recorded under Other Income. The grant was for the infrastructure work done for a public road adjacent to our project site at One City under the Public Private Partnership Unit (Unit Kerjasama Awam Swasta or UKAS) programme.

Profit after tax margins during the year before the one-off adjustment on impairment and government grant stood at 10.0% as compared 11.8% from previous year.

CORE BUSINESS COMPONENT	WHAT WE DO
 <p>Property</p>	<p>As an integrated developer with a remaining landbank size of more than 500 acres throughout the Klang Valley, we are focused on building sustainable communities and delivering quality products to the broader market segments, more so in the affordable market space, at our developments in Subang Jaya, Cyberjaya and Dengkil. Drawing on the strength, experience and expertise of our founders, and strategic partner Ayala Land, we are enhancing and unlocking values from our existing development projects and are focused on growth to secure land at new geographical areas. Focusing on our core competency, we build our brand and strengthen it with the synergies across the organisation.</p>
 <p>Construction</p>	<p>We have an integrated development philosophy that is centred on modular construction technology. For any product, we are well-positioned to optimise costs and effectively manage construction timelines as we have a comprehensive, integrated value chain that consists of an architectural and engineering design team, quantity surveying and procurement, interior design, project management, construction, trading, ready-mix concrete plant, pre-cast concrete plant and experienced team of specialists. This integrated value chain enables us to be flexible, agile and adaptable to changing trends to introduce the right product mix to customers.</p>
 <p>Other complementary businesses</p>	<p>Other complementary businesses include leasing of office space at Sky Park @ One City, leasing of retail space across the entire One City and The Place @ Cyberjaya development, provision of utility services to occupants at One City and The Place @ Cyberjaya, operating a four-star hotel, Meetings, Incentives, Conferencing and Exhibitions (“MICE”), cinema and fitness centre at One City, as well as car park and building management services. These businesses not only provide us with recurrent income but also additional support in terms of value-added services to our developments.</p>

We recognise that we are currently operating in a challenging economic environment and despite these headwinds, the demand for affordable properties remain high. Recognising that there are opportunities to be tapped on, we refocused and reshaped our businesses to meet the needs of the broader market segment.

Throughout FY 2017, we took actions that would continue to amplify the strength of our business and competitive advantage for the long-term. We focused on clearing our inventory to create optimal product mix to suit the current broader market requirements and future growth.



For FY 2017, the property development segment remained as our Group's key financial driver, attributing 92.7% or RM577.6 million of our Group's revenue in FY 2017, as compared to FY 2016 where property development contribution was RM591.9 million, 90.4% of our Group's total revenue for FY 2016. Encouraging sales and new launches throughout the year enabled us to achieve unbilled sales of RM1.6 billion as at the end of FY 2017, which effectively secured our revenue for the next two to three financial years.

Revenue from the Construction segment decreased to RM0.6 million from RM9.8 million in the previous year as our sole construction project with external parties was completed in FY 2016. Contribution from the Complementary Businesses segment also decreased to RM44.8 million from RM53.1 million in FY 2016 during the year in review.

Whilst our total debts increased to RM243.9 million in FY 2017 from RM188.4 million in FY 2016 due to the increase in construction activities, our net debt-to-equity ratio continues to remain at a healthy 20%. This reflects our Group's ability to leverage for landbanking activities and increase our focus in investment properties.

REVIEW OF OPERATIONS

Property Development

Despite the market challenges, we pursued our strategy to capitalise on opportunities and strengthen MCT's position as an integrated property developer. During the year under review, we worked hard to move our existing inventory of quality, affordable homes as well as introduce new products across our developments in Subang Jaya, Cyberjaya and Dengkil. As at 30 June 2017, our Group has on-going projects with a combined GDV of over RM3 billion set across 127.2 acres of prime land. This leaves MCT with 376.7 acres of land with an estimated GDV of almost RM10 billion for future projects.

Our developments, Cyberjaya and Cybersouth, are strategically located within the southern Klang Valley's Golden Triangle, which consists of three key economic hubs – Putrajaya, Cyberjaya and the Kuala Lumpur International Airport – as well as the Greater Kuala Lumpur (Greater KL) vicinity that have emerged as conducive environments for sustainable growth. They are well connected and easily accessible via a network of major highways, LRT and ERL. Meanwhile, USJ is located near the matured residential and commercial areas of Subang Jaya, Shah Alam, Putra Heights and Klang.

Cognisant of evolving market conditions, we are focused on targeting the broader segment of the market and products that are priced below RM700,000 for our upcoming property launches, in line with current property transaction trends. We enhanced our sales strategy, expanded our distribution channels, streamlined our operations in the construction segment and continued to increase efficiency across all business segments.

Our ability to reposition and reshape our portfolio swiftly showed results. We were able to move the existing inventory worth RM287 million in GDV from previous years, achieved RM1.6 billion in unbilled sales and RM370.2 million in actual sales in FY 2017.

MANAGEMENT DISCUSSION & ANALYSIS

CYBERSOUTH

Cybersouth is our largest township development project, strategically located within the Cyberjaya-Putrajaya-KLIA growth corridor. Situated on a 417-acre land with an estimated GDV of over RM5.4 billion, this nature-inspired integrated township consists of residential, commercial, education and recreational components that offer residents a holistic lifestyle, an ideal representation of our Company's core values of "Building Sustainable Communities".

At the heart of this development is a 25-acre central park which enhances the quality of living of residents and the surrounding communities. These affordably priced, modern-design homes not only cater to market demand, but also adds value to the lives of its residents and the surrounding communities with its lush greenery, community club house, gated and guarded neighbourhood that enhances security as well as its wide range of amenities and facilities.

This development is strategically located as it is well-connected to major highways such as the Maju Expressway (MEX), SILK Highway, Elite Highway, KLIA Expressway, South Klang Valley Expressway (SKVE), the Damansara-Puchong Highway and the Putrajaya-Cyberjaya Expressway. It is also serviced by the Express Rail Link (ERL) and the future MRT line 2.

Key updates during the year are as follows:



Green Casa

Our maiden launch at Cybersouth was Green Casa back in 2015 comprising 418 units of two-storey link houses with a gross GDV of RM239.7 million. To date, 99% of the units have been sold and it is slated for completion in the fourth quarter of FY 2018.



Casa View

Launched in 2015, Casa View comprises 530 units of double-storey link houses with a gross GDV of RM394.1 million. Residents will not only have access to homes that are well-designed with spacious layouts for the family, but also gain from a relaxed living environment with its tree-lined walkways and landscaped gardens. We have since sold 95% of the units available and it is expected to be completed in first quarter of FY 2019.



Bellevue

In May 2017, we launched Bellevue with 264 units of townhouses and a total gross GDV of RM137 million, capitalising on the broader affordable market. The project is targeted at first time homebuyers, young couples, professionals and small families.

When Bellevue was first conceptualised, it was slated to be two-storey link houses with a large built up area and priced above RM750,000. Given the challenging market environment where the sales of properties priced above RM750,000 were slow, we used our internal capabilities to adapt and changed our plans to introduce townhouses that were sold from RM450,000 instead. The overall development is targeted for completion in 2020.

Within the first month of its launch, 95% were booked with 62% or RM83 million converted as at 30 June 2017. The encouraging sales received are a testament of our Group's ability to adapt our strategies based on the needs and demands of the market.

For FY 2017, Cybersouth contributed 27% or RM157 million to the property segment as compared to RM225 million in the previous year due to timing of launches while unbilled sales stood at RM346 million during the same period. Casa View revenues were higher by 10% from the previous financial year following improved sales velocity which cushioned the effect of lower revenues recognised from Green Casa which is almost sold out and nearing completion stage in the fourth quarter of FY 2018.

Meanwhile, we are targeting to launch a new pipeline of link-houses at Cybersouth with an estimated GDV of RM173 million in FY 2018. We are also targeting to launch our first commercial products at Cybersouth with an approximate GDV of RM56 million in the next 12 months.

MANAGEMENT DISCUSSION & ANALYSIS

LAKEFRONT @ CYBERJAYA

Lakefront @ Cyberjaya is a mixed development sprawled across a 60-acre freehold land with two recreational parks, 40 thematic, resort-styled facilities and retail conveniences. With a GDV of RM2.7 billion, the development consists of Lakefront Residences, Lakefront Villa, Lakefront Homes and Lakefront Terrace. This mixed development achieved unbilled sales of RM1.06 billion, including Lakefront Homes, during the year in review.

To boost the amenities at Lakefront, SJK (C) Union, a Chinese school situated within the Lakefront project is targeted to be completed by end 2017 while enrolment is expected to commence in early of 2018, which will further add to the population and foot traffic of the development. With this iconic school and various institutions of higher learning nearby, we expect that this would increase the population of Lakefront.

Key updates during the year are as follows:



Lakefront Villa

Spread across 16 acres with a GDV of RM206 million, Lakefront Villa focuses on comfortable, green and healthy living, showcasing well-landscaped spaces and recreational facilities exclusively for residents. Lakefront Villa, which consists of 86 units of two to three-storey bungalows that have been 87% taken up, was completed and handed over to its owners in August 2017.

MANAGEMENT DISCUSSION & ANALYSIS



Lakefront Homes

An affordable housing project which comprises 3,243 units of affordable apartments with a GDV of RM1.09 billion, this project is targeted to be completed by 2020. Lakefront Homes was sold enbloc to Perbadanan PR1MA Malaysia (PR1MA) in 2015, as part of our efforts to support government policies to build more affordable homes.

Lakefront Residences

Lakefront Residences consist of eight freehold condominium towers that house 2,484 units with an estimated combined GDV of RM1.4 billion. Since launching the first tower in 2013, the first four towers have experienced positive take up rates of 93%, 71%, 84% and 60% respectively. The first and second tower is expected to be handed over in first quarter of FY 2019 while the remaining two towers will be completed in 2020.



For FY 2017, Lakefront @ Cyberjaya performed better, increasing 36% to RM309 million in revenue as compared to FY 2016, largely contributed by sales from Lakefront Villa as 14 units were sold during the current financial year and higher inventory movement by Lakefront Residence in FY 2017. Construction progress also picked-up, especially for Lakefront Villa which was handed over to customers in August 2017.

MANAGEMENT DISCUSSION & ANALYSIS



SKYPARK @ CYBERJAYA

Set across 11.1 acres of freehold land with a combined GDV of RM480 million available for sale, this mixed development comprises six towers, with a mix of serviced apartments, small office flexible office (SOFO), a hotel and office suites. Located below the six towers is a retail podium and over 5,000 parking bays. The freehold land is strategically located along the SKVE with access to four other major highways.

Once completed, this new landmark will boast of an iconic SkyBridge located on the 23rd level, and will straddle the top of five towers, making it visible for miles around Cyberjaya. The SkyBridge is targeted for completion by end 2018.

Tower 1, 2 and 3 consists of 296 serviced apartment units, 224 SOFO studio units and 192 duplex SOFO units, all of which are targeted for completion in early 2018. Tower 1, 2 and 3 have experienced take up rates of 98%, 99% and 98% respectively. Meanwhile, Tower 5 and 6 comprising 186 units of office suites and an 18-storey office tower have been fully taken up and is expected to be handed over in early 2018.

Due to market conditions, we are cautiously optimistic about the prospects in the hotel and retail segments, given the glut in retail space as well as weak consumer spending. As such, we are reviewing our plans for the development of the hotel and the retail podium to ensure it meets market demands and our Company's long-term growth capabilities. The overall development achieved unbilled sales of RM175 million at the end of FY 2017.





ONECITY @ USJ SUBANG JAYA

OneCity is an integrated development that is set across 28 acres of prime freehold land with an estimated combined GDV of RM3.7 billion. Designed as an urban oasis with lush greenery and Green Building Index (GBI) features, it comprises shop offices, office suites, retail lots, serviced apartments, corporate offices, shopping malls, and hotel. Since its launch in 2008 and save for Phase 3, all components have already been completed, including Garden Shoppe, eCity Hotel, SkyPark @ One City, The Place @ One City, The Square @ One City and the Urban Park.

The Square @ One City, which offers 326 SOFO units and three levels of retail space will soon incorporate digital lifestyle vendors, with F&B as well as street wear retailers, catering to the younger demographics of USJ.

Meanwhile various efforts, including introducing more MICE-related events, were conducted to bring in new tenants and increase traffic at The Square and The Place. As a result, occupancy at The Place is expected to increase to approximately 70% in FY 2018 while The Square is expected to be fully opened by end of 2017.

Construction Segment

The construction segment continued to remain as our Company's backbone, servicing 100% of our Group's internal requirements. We believe that its modular building technology, coupled with its integrated business framework has proven to be sustainable form of building technology that saves time, costs and labour.

Our construction segment focused solely on internal construction projects in FY 2017 as the last construction project awarded by external parties was completed and handed over in FY 2016. As such, revenue from external parties for the construction segment in FY 2017 was only RM0.6 million. With our Group's expansion and construction requirement, the construction segment would be running close to full capacity just from servicing our Group's internal requirements.

Complementary Businesses

MCT's complementary business segment that consists of retail and office leasing, property management, trading, hospitality and utilities services, continued to support and complement our Group's overall growth. More importantly, this segment is key in helping our Company provide value-added services to the overall value-chain.

During the year in review, the complementary business segment provided strong support to One City @ USJ. The complementary business segment introduced various programmes and events to attract crowds to the various venues at One City. To increase footfall to the retail areas, office, gym, cinema, banquet facilities and eCity Hotel, various marketing events were conducted throughout the year, mainly targeting the office crowds during weekdays while activities that attracted families and social groups were conducted during weekends.

Revenues for this business segment stood at RM44.8 million for FY 2017 as compared to RM53.1 million in the previous year due to the decline in leasing revenue arising from the expiry of the guaranteed rental return scheme at One City and also lower contribution from the MICE division.

MANAGEMENT DISCUSSION & ANALYSIS

Moving forward, initiatives have been put in place to improve the quality of products and financial viability of projects for the next 12 months. Other areas also include enhancing product delivery and drive further efficiencies in costs and operations.

Organisational and Human Capital Development

A focal point for the financial year under review was to further strengthen the organisation and human capital to sustain the growth and future expansion. During the year, we revisited and identified opportunities across the business in terms of operational growth where our talent will play a key role.

In this regard, processes and functions were also further streamlined for operational efficiencies, and then matched with available talent. By doing so, we enabled growth not only for the business, but also allowed our employees to develop further, both in their professional and personal capacities. For FY 2017, 63 training programmes were held and these were attended by approximately 217 employees.

During the year, we have also leveraged on the strong talent base from Ayala Land, Inc. which owns 100% of Regent Wise Investment Limited, our single largest shareholder. Ayala Land is one of the leading property developers in the Philippines and one of the biggest in Southeast Asia with market capitalisation of over RM50 billion with expertise in mixed-use developments. It owns more than 50 malls in Philippines, with a proven track record in retail malls and urban township planning.

Given Ayala Land's expertise and experience, key talents were brought and took on key management roles at our Company during the year, namely as Chief Executive Officer and Chief Financial Officer. On the knowledge platform, a retail consultant from Ayala Land was seconded to us as a consultant for the leasing department while the construction team from Ayala Land has made several visits to Malaysia to learn about our modular construction technology.



HOW WE MANAGE OUR RISKS

We are cognisant that the ability to drive our results depends on our performance and risk management initiatives. We remain committed towards investing in initiatives that will give us strong competitive advantage for the long term.

RISK	HOW WE MANAGE OUR RISKS
Declining landbank size	Recognising that our Group's remaining landbank is more than 500 acres with a potential GDV of more than RM12.9 billion will eventually last for another 10 years, we have sharpened our focus to expand our current landbank to sustain future growth. We are in the midst of reviewing new opportunities to further grow the business and expand into new geographical areas.
Labour shortage and increasing cost of production	As an integrated property developer, we leveraged on the expertise of our experienced in-house construction management team. During the year, we increased our pool of sub-contractors and this allowed projects to move faster. We are also currently studying various platforms to improve construction costs structure and phasing to ensure products are delivered according to schedule and within cost.
Stringent lending guidelines	Given the supportive government policies and strong demand in the affordable housing segment, we adopted robust marketing efforts by widening our sales networks to ensure all potential markets were tapped, thus optimising opportunities for growth with the current inventories.
Uncertain macro-economic outlook and weaker Ringgit	The integrated nature of our business allows it to increase efficiencies and save on costs as everything is done through internal processes. This also adds further flexibility and agility to change and adapt rapidly to market evolution. We have also streamlined operations within the construction segment to reduce operating, general and administrative expenses.

In an effort to build on our strengths and leverage on our unique capabilities, the management team put in place a strategic plan, Runway to Growth that charts our Company's course over the next five years with a strong focus on increasing shareholder value.

FUTURE PROSPECTS

Though faced with uncertainties, the Malaysian economic landscape retained its steady growth rate throughout the year in review. The property industry seemed to be undergoing a period of consolidation given the softening economic condition that has led to increased cost of living. Coupled with stringent lending guidelines, buyers are cautious about investing in the property market.

In an effort to build on our strengths and leverage on our unique capabilities, the management team put in place a strategic plan, *Runway to Growth* that charts our Company's course over the next five years with a strong focus on increasing shareholder value. The plan was introduced to reshape our business, build on its inherent strengths and deliver strong performance for the long-term. This will enable our Group to identify growth potential from its current landbanks while capitalising on its core competencies to unlock maximum value for all stakeholders. Some of the key areas include building a strong pipeline of projects, new market expansion, enhance customer satisfaction and experience, strengthen the MCT brand as well as enhance overall organisation effectiveness and efficiency.



MANAGEMENT DISCUSSION & ANALYSIS

Moving forward, our Group will continue to focus on property development and as such, a substantial portion of our Capital Expenditure (CAPEX) will be focused on landbanking. Here, our Group is looking to increase our remaining landbank from its current 500 acres, in the short to medium term, across the Klang Valley region.

For the immediate 12 months, we have identified key projects with a combined GDV of RM400 million to be launched. One of the new projects to be launched in FY 2018 is Cyber ONE, a project set across 7.2 acres of freehold land located next to LimKokWing University of Creative Technology in Cyberjaya, with a combined GDV of RM1.1 billion. Essentially a joint-venture with Setia Haruman Sdn Bhd, the master developer of Cyberjaya, Cyber ONE is expected to feature one tower of serviced apartments, one tower of affordable apartment, eight office towers as well as retail outlets. It will be also be easily



accessible given its close proximity to an upcoming MRT station and Cyberjaya City Centre. The overall development is expected to be launched by the end of FY 2018 with the launch of its first phase being the first block of Creative Studio Suites with a GDV of RM204 million.

We are also targeting to launch One City Phase 3 in FY 2019, with a combined GDV of approximately RM2.7 billion for sale, which will be our crown jewel and key growth driver for our Group over the next five to seven years. It is expected to feature an integrated commercial development that will house a shopping mall, corporate office towers, hotels, SOFO, SOHO, with a total combined net floor area of 4.4 million square feet. In addition, the development will also be connected directly to an LRT station which adds further convenience to residents and those who frequent this venue in the future. The whole development, which is set across 17.2 acres, is expected to be completed in 2026.

DIVIDEND POLICY

No dividends were declared for the FY 2017.

We are exploring landbanking opportunities and building investment properties at this juncture, part of which may be self-financed. As such, we are balancing our opportunities, including future dividend policies.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank our Board of Directors and senior leadership team for your wisdom and continued support.

I would also like to extend my appreciation and gratitude to the team of dedicated employees at MCT, who have not only remained committed but embraced the changes that have occurred throughout our Company.

To our customers, business associates, partners and stakeholders, we look forward to your continued support as we take advantage of the many opportunities to deliver long-term shareholder value and performance.

Thank you.

JOSE JUAN Z. JUGO
*Non-Independent Executive Director and
Chief Executive Officer*

FINANCIAL HIGHLIGHTS 2017

Year Ended	2015	2016	2017
Financial Results (RM'000)			
Revenue	619,666	654,908	622,969
Total Expenses	110,251	151,950	139,681
Profit Before Tax	94,958	119,295	93,732
Profit Attributable to Equity Holders	63,560	77,367	63,660
Financial Position (RM'000)			
Total Cash and Bank Balances	462,347	93,292	88,206
Total Current Assets	787,558	906,813	674,668
Total Debts	216,234	188,417	243,861
Total Current Liabilities	372,744	608,868	374,014
Total Equity	671,507	720,854	784,512
Financial Ratios			
Basic Earning per Share (sen)	4.76	5.80	4.77
Net Assets per Share (RM)	0.50	0.54	0.59
Current Ratio (times)	2.11	1.49	1.80
Net Debt-to-Equity Ratio (%)	-	13.2%	19.8%
Return on Equity (%)	9.5%	10.7%	8.1%

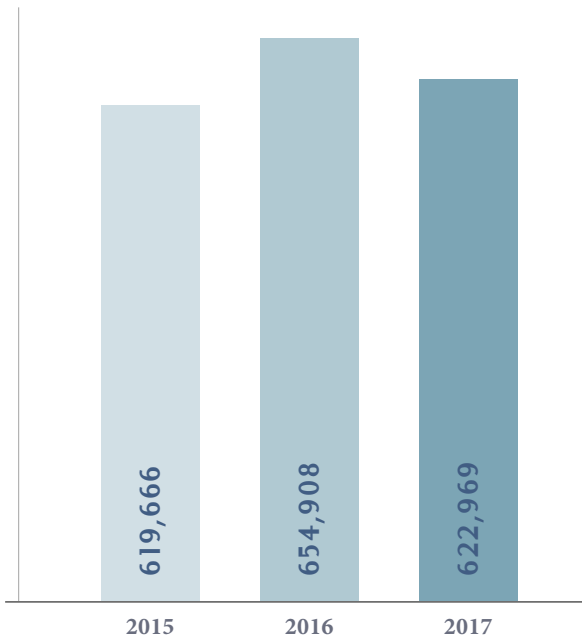


FINANCIAL HIGHLIGHTS 2017

REVENUE

(RM'000) in FY 2017

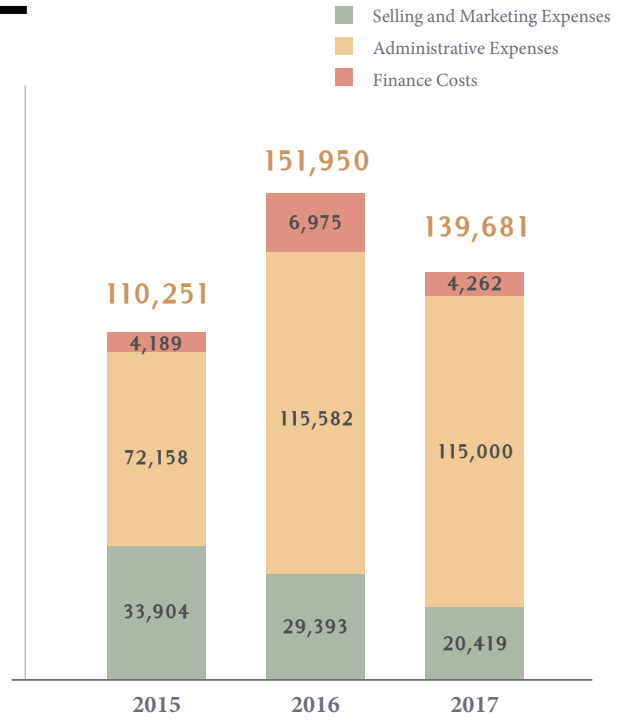
RM622,969



TOTAL EXPENSES

(RM'000) in FY 2017

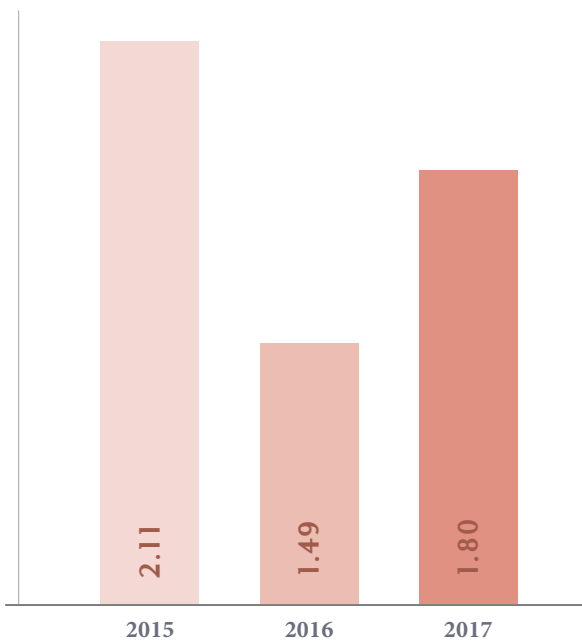
RM139,681



CURRENT RATIO

(times) in FY 2017

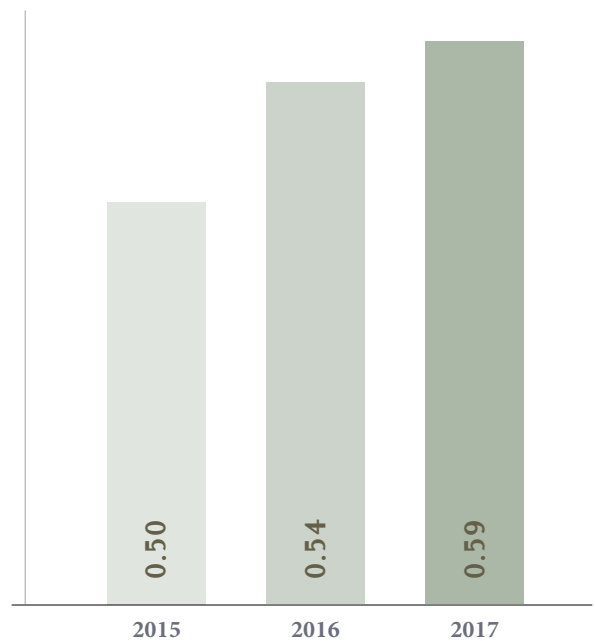
1.80



NET ASSET PER SHARE

(RM) in FY 2017

RM0.59



BOARD OF DIRECTORS

LEFT TO RIGHT:

Tan Sri Dato' Sri Goh Ming Choon
Non-Independent Non-Executive Director

Anna Maria Margarita Bautista Dy
Non-Independent Non-Executive Director

Datuk Lim Kok Boon
Non-Independent Non-Executive Director

Tan Sri Dato' Sri Abi Musa
Asa'ari Bin Mohamed Nor
Independent Non-Executive Chairman

Lao Chok Keang
Independent Non-Executive Director

Jose Juan Z. Jugo
Non-Independent Executive Director and
Chief Executive Officer

Tan Sri Dato' Hj Abd
Karim Bin Shaikh Munisar
Independent Non-Executive Director

Dato' Sri Tong Seech Wi
Non-Independent Executive Director

Bernard Vincent Olmedo Dy
Non-Independent Non-Executive Director



**BOARD OF
DIRECTORS**



BOARD OF DIRECTORS' PROFILES



TAN SRI DATO' SRI ABI MUSA ASA'ARI BIN MOHAMED NOR

Independent Non-Executive Chairman



Male



68 year old



Malaysian

Board Meetings Attendance

6/6

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor was appointed to the Board as an Independent Non-Executive Director on 1 April 2015 and was subsequently re-designated as the Chairman of the Company on 3 April 2015. He is the Chairman of the Remuneration Committee and serves as a member of the Audit and Risk Management Committee and the Nomination Committee.

Tan Sri Dato' Sri Abi Musa Asa'ari holds a Bachelor of Economics (Hons) from University of Malaya and D.D.A from University of Birmingham, United Kingdom. He obtained a Master in Business Administration from University of Birmingham, United Kingdom.

Tan Sri Dato' Sri Abi Musa Asa'ari has served the Malaysian Government for 33 years in various departments including the Public Services Department, the

National Bureau of Investigation, National Institute of Public Administration and Petroleum Development unit (under the Prime Minister's Department), the Ministry of Finance and the Ministry of Agriculture. He joined Lembaga Tabung Haji as Chairman in 2007, serving the organisation until 2013. He also had served as Chairman in the Board of Directors of University Pendidikan Sultan Idris.

Tan Sri Dato' Sri Abi Musa Asa'ari currently is the Chairman of Pelikan International Corporation Berhad and a Director of Heitech Padu Bhd listed on the Main Market of Bursa Malaysia Securities Berhad. He is also the chairman of the Graphene NanoChem PLC (United Kingdom) and Pelikan AG (Germany).

Tan Sri Dato' Sri Abi Musa Asa'ari attended all the six (6) Board Meetings held during the financial year ended 30 June 2017.

BOARD OF DIRECTORS' PROFILES



JOSE JUAN Z. JUGO

Non-Independent Executive Director and Chief Executive Officer



Male



44 year old



Filipino

Board Meetings Attendance

3/3

Mr. Jose Juan Z. Jugo was appointed to the Board as Non-Independent Non-Executive Director on 20 January 2017 and subsequently was re-designated as Non-Independent Executive Director and Chief Executive Officer on 15 March 2017.

He finished his graduate studies in 1995 at the Escuela Superior de Estudios de Márketing de Madrid in Spain, with a Masters in Marketing and Commercial Management. From 1996 to 2000, he held management positions in San Miguel Corporation and Avon Cosmetic, Inc.

He was a Vice President in Ayala Land, Inc. prior to joining MCT Bhd. There, he last held the position of Managing Director of Ayala Land Premier, the residential brand that addresses the luxury market in the Philippines.

He holds board positions in private Philippine based corporations Ayala Hotels, Inc., BG West Properties, Inc., Aviana Development Corporation, Serendra, Inc., South Portal Properties, Inc., Verde Golf Corporation, OLC Development Corporation, and Amicassa Process Solutions, Inc.

He is currently serving as a Board of Director of the Group.

He attended all three (3) Board Meetings held during the financial year ended 30 June 2017 since his appointment on 20 January 2017.

BOARD OF DIRECTORS' PROFILES



DATO' SRI TONG SEECH WI

Non-Independent Executive Director



Male



52 year old



Malaysian

Board Meetings Attendance

6/6

Dato' Sri Tong Seech Wi was appointed to the Board as Non-Independent Executive Director and Chief Executive Officer on 1 April 2015. He was later re-designated as Non-Independent Executive Director on 15 March 2017.

Dato' Sri Tong holds a Bachelor in Civil Engineering from the University of Malaya conferred in 1990. He became a member of the Institute of Engineers Malaysia in 1989 and subsequently as member of the Board of Engineers Malaysia in 1993.

Dato' Sri Tong has more than 23 years of working experience in property development and construction sectors. Upon graduation, he joined Teknik Cepak Sdn Bhd as a Project Engineer for three years, where he was

responsible for the planning, organising and management of project task. Thereafter, he worked for Jasatera Berhad as a site manager before joining Total Teamwork Sdn Bhd as a project director. In 1999, he further expanded his involvement in the civil construction projects as one of founders of Modular Construction Technology Sdn Bhd with Tan Sri Dato' Sri Goh Ming Choon and Dato' Danny Goh. By 2004, Dato' Sri Tong set up MCT Consortium Bhd, which is involved in property development, property investment and construction activities. He currently serves the Board of MCT Consortium Bhd and some of the subsidiaries of the Group.

Dato' Sri Tong attended all the six (6) Board Meetings held during the financial year ended 30 June 2017.

BOARD OF DIRECTORS' PROFILES



TAN SRI DATO' SRI GOH MING CHOON

Non-Independent Non-Executive Director



Male



53 year old



Malaysian

Board Meetings Attendance

6/6

Tan Sri Dato' Sri Goh Ming Choon was appointed to the Board as Non-Independent Executive Deputy Chairman on 1 April 2015 and he was later re-designated as Non-Independent Non-Executive Director on 30 November 2016.

Tan Sri Dato' Sri Goh holds a Diploma in Technology (Electronic Engineering) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University College) conferred in 1990.

Tan Sri Dato' Sri Goh has over 19 years of working experience in property development and construction, and has been involved in the civil construction business since 1997. He together with Dato' Sri Tong Seech Wi and Dato' Danny Goh, are founders of Modular Construction Technology Sdn Bhd, which commenced operations

in 1999. He was also instrumental in the incorporation of MCT in 2004 to restructure the business structure of B&G Capital Resources Berhad and Modular Construction Technology to focus on property development, investment and construction. He had until 23 January 2017 served as director on the Board of the Group.

Tan Sri Dato' Sri Goh is currently the Chairman and Executive Director of BGMC International Limited, a company listed in the main board of The Stock Exchange of Hong Kong Limited on 9 August 2017.

Tan Sri Dato' Sri Goh attended all the six (6) Board Meetings held during the financial year ended 30 June 2017.

BOARD OF DIRECTORS' PROFILES



DATUK LIM KOK BOON

Non-Independent Non-Executive Director



Male



59 year old



Malaysian

Board Meetings Attendance

6/6

Datuk Lim Kok Boon was appointed to the Board as Non-Independent Executive Director on 3 April 2015. He was re-designated as Non-Independent Non-Executive Director on 15 March 2017.

Datuk Lim is a fellow member of the Chartered Institute of Management Accountants, United Kingdom and a member of the Malaysian Institute of Accountants.

Datuk Lim was with Multi-Purpose Holdings Berhad ("MPHB") from 1983 until May 2001 where he gained wide experience in corporate banking and corporate finance work including mergers and acquisitions, corporate restructuring, equity/debt financing and capital raising, flotation of companies and operational management. Prior to his departure from MPHB he was heading the Chief Executive Officer's Department where his responsibilities included, inter alia, overseeing the business of Great Wall Plastic Industries Berhad ("GWPI"). He was appointed as Senior Executive Director of GWPI on 18 March 2002 and was re-designated as its Chief Executive Officer on 14 April 2003. In 2010, he restructured the GWPI group by forming and listing the holding company of the group, GW Plastics Holdings Berhad ("GW Plastics") on Bursa Malaysia. In 2013, the operating subsidiary companies of GW Plastics were disposed and the cash proceeds were substantially distributed to the shareholders. He played a significant role in the listing of MCT in the reverse takeover ("RTO") exercise involving the acquisition by GW Plastics of MCT Consortium Berhad where, upon completion of the RTO exercise, GW Plastics was renamed as MCT Berhad.

Datuk Lim was a Director of Eksons Corporation Berhad ("Eksons") from April 1997 to May 2004,

with an executive role as Group Executive Director during the period May 2001 to March 2002 and he played an instrumental role in the rescue and restructuring of Eksons, previously known as Chongai Corporation Berhad, which was then financially insolvent.

Datuk Lim has served as the Vice President of the Malaysian Plastics Manufacturers Association from 2004 to 2006 and has been President of the Malaysian Plastics Manufacturers Association since 2006. He was formerly a Director of Pembangunan Sumber Manusia Berhad and is currently a Director of various private limited companies under the Scientex Bhd Group. He had until 22 March 2017 served as director on the Board of the Group.

The Securities Commission ("SC") has on 28 September 2017 filed a civil suit filed against Datuk Lim Kok Boon. The civil suit seeks, amongst others, a declaration that he had breached section 118(3)(a) of the Capital Markets and Services Act 2007 in allegedly engaging in acts of insider trading. The subject matter of the claim is the divestment of the shares of GW Plastics in GWPI and GW Packaging Sdn. Bhd. pursuant to a Share Sale Agreement in December 2012.

He has been advised by his lawyers that there is absolutely no basis in the SC's claims in the civil suit or at all, and has through his lawyers, released a Press Statement stating that he will defend this claim to the hilt, and will move to strike out the claim which is scandalous, frivolous, vexatious and otherwise an abuse of the process of the Court.

Datuk Lim attended all the six (6) Board Meetings held during the financial year ended 30 June 2017.

BOARD OF DIRECTORS' PROFILES



BERNARD VINCENT OLMEDO DY

Non-Independent Non-Executive Director



Male



54 year old



Filipino

Board Meetings Attendance

4/6

Mr. Bernard Vincent Olmedo Dy was appointed to the Board as Non-Independent Non-Executive Director on 3 April 2015, and is a member of the Remuneration Committee and the Nomination Committee.

He is the President and CEO of Ayala Land, Inc. and also the Chairman of Prime Orion Philippines, Inc. He received his undergraduate degree in Business Administration from the University of Notre Dame in 1985 and earned his Master's Degree in Business Administration and M.A. in International Relations from the University of Chicago in 1989 and 1997, respectively.

In 2015, he was inducted as member of the Advisory Council of the National Advisory Group for the Police Transformation Development of the Philippine National Police and in 2017, he was elected Vice Chairman of the Junior Golf Foundation of the Philippines.

Prior to joining Ayala Land in 1997, he spent 16 years outside of Philippines and held senior regional roles for multinational companies in Hong Kong and China.

He attended four (4) out of six (6) Board Meetings held during the financial year ended 30 June 2017.

BOARD OF DIRECTORS' PROFILES



ANNA MARIA MARGARITA BAUTISTA DY

Non-Independent Non-Executive Director



Female



48 year old



Filipino

Board Meetings Attendance

6/6

Ms. Anna Maria Margarita Bautista was appointed to the Board as Non-Independent Non-Executive Director on 7 May 2015 and served as a member of the Audit and Risk Management Committee.

She is presently the Senior Vice President and member of the Management Committee of Ayala Land, Inc. and Head of Strategic Landbank Management. Her other significant positions are: Director and Executive Vice President of Fort Bonifacio Development Corporation; Director of Cebu Holdings, Inc.; Director and President of Nuevocentro, Inc., and Alviera Country Club, Inc.; Director of Aurora Properties, Inc., Vesta Properties Holdings, Inc., CECI Realty, Inc., and Next Urban Alliance Development Corp.

Prior to joining Ayala Land, she was a Vice President of Benpress Holdings Corporation.

She graduated magna cum laude from Ateneo De Manila University with a Bachelor of Arts degree under the university's Economics Honors Program. She earned her Master's degree in Economics from the London School of Economics and Political Science in the United Kingdom, her MBA at the Harvard Business School in Boston, USA.

She attended all the six (6) Board Meetings held during the financial year ended 30 June 2017.

BOARD OF DIRECTORS' PROFILES



TAN SRI DATO' HJ. ABD KARIM BIN. SHAIKH MUNISAR

Independent Non-Executive Director



Male



67 year old



Malaysian

Board Meetings Attendance

6/6

Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar, PSM, DSSA, SSA, KMN, ASA, was appointed to the Board as Independent Non-Executive Director on 22 December 2015. He was later re-designated as the Chairman of the Nomination Committee on 24 February 2017. He also served as a member of the Audit and Risk Management Committee and the Remuneration Committee.

Tan Sri Dato' Hj. Abd Karim holds a Master in Business Administration (business finance) from University of Edinburgh, Advanced Diploma in Economic Development (with Distinction) from University of Manchester, UK and Bachelor of Economics (Hons) from University of Malaya. He also attended an Advance Course in Urban Planning JICA at Tokyo, Japan.

In 1974, Tan Sri Dato' Hj. Abd Karim was the Assistant Director at the Ministry of Finance, Malaysia. Between 1975-1980, he held different positions in various districts in the state of Perak as Assistant District Officer, Kinta; Chairman of Kinta District Council; Assistant District Officer 1, Kampar; Chairman of Kampar/Gopeng Municipal Council and also Assistant State Secretary of Perak (UPEN).

Tan Sri Dato' Hj. Abd Karim was the Chief Assistant District Officer 1 (Land) of Kuantan District Office and Chief Assistant State Secretary of Pahang (Housing Division) in 1980; Deputy Director of Klang Valley Planning Secretariat, Prime Minister Department in 1982; Chief

Assistant State Secretary of Selangor (Local Authority Division) in 1987.

Tan Sri Dato' Hj. Abd Karim also served as the President of Ampang Jaya Municipal Council from 1992 to 1996. He had an outstanding career in the government sector and was the President of Petaling Jaya Municipal Council in 2003 and 2004. Prior to that, he was the District Officer cum Acting President of Sepang District Council from 1998-2003. In 2005, he agreed to join the corporate sector and was appointed as President of Kumpulan Darul Ehsan Berhad. Tan Sri Dato' Hj. Abd Karim was previously the Executive Chairman of various companies listed in Bursa Malaysia such as Kumpulan Perangsang Selangor Berhad, Kumpulan Hartanah Selangor Berhad and Chairman of Taliworks Corporation Berhad from 2004 to 2011.

He was also Chairman of various other companies namely Konsortium Abass Sdn Bhd, Titisan Modal Sdn Bhd, Central Spectrum Sdn Bhd, Cekal Tulin Development Sdn Bhd, JAKS-KDEB Consortium Sdn Bhd, Hydrovest Sdn Bhd and Perangsang Hotel & Properties Sdn Bhd. In addition, Tan Sri Dato' Haji Abd Karim was also member of the Board of Directors for Syarikat Bekalan Air Selangor Sdn Bhd (Syabas), Syarikat Pengeluaran Air Selangor Holdings Berhad (Splash), Cyberview Sdn Bhd and Alam Flora Sdn Bhd.

He attended all six (6) Board Meetings held during the financial year ended 30 June 2017.

BOARD OF DIRECTORS' PROFILES



LAO CHOK KEANG

Independent Non-Executive Director



Male



60 year old



Malaysian

Board Meetings Attendance

2/2

Mr Lao Chok Keang was appointed as an Independent Non-Executive Director on 24 February 2017 and was subsequently appointed as the Chairman of the Audit and Risk Management Committee.

Mr Lao Chok Keang, started his career in a public accounting firm and is a member of the Malaysian Institute of Accountants.

He has held several senior management positions in large property development companies which include being the Chief Operating Officer of Saujana Triangle Sdn Bhd, the developer for the 800-acre township development known as Damansara Perdana in Petaling Jaya, Selangor. He was also the Director of Murray Riverside Pty Ltd, the developer of a 1,000-acre mixed development in Western Australia.

In 2004, Mr Lao joined Setia Haruman Sdn Bhd, the Master Developer of Cyberjaya, as Director/ Chief Operating Officer and has since been responsible for the overall performance of the Company. In 2013, Mr Lao assumed the position of Executive Director of Setia Haruman Sdn Bhd. He was re-designated Director/Business Advisor in May 2016.

He attended all two (2) Board Meetings held during the financial year ended 30 June 2017 since his appointment on 24 February 2017.

Notes:

Save as disclosed above, none of the Directors have:

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- have any conviction for offences within the past five (5) years (other than traffic offences, if any; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SENIOR MANAGEMENT TEAM



JOSE JUAN Z. JUGO

Chief Executive Officer
(A Filipino, male, aged 44)

Please refer to page 33 for the Director's profile.



DATO' SRI TONG SEECH WI

Executive Director
(A Malaysian, male, aged 52)

Please refer to page 34 for the Director's profile.

Notes:

Save as disclosed above, none of the Senior Management have:

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



MARIA ROCHELLE S. DIAZ

Chief Financial Officer
(A Filipino, female, aged 37)

Ms. Maria Rochelle S. Diaz is a Certified Public Accountant and earned her Degree of Bachelor of Science in Accountancy from De La Salle University Manila. She was appointed as Chief Financial Officer of the Company on 9 June 2017. Ms. Diaz has eight (8) years solid working experience in the real estate industry. She worked with Ayala Land, Inc. (ALI) since March 2009, with her most recent post as Chief Finance Officer of the Strategic Landbank Management Group involved in the major township developments which are platforms for growth of the conglomerate's residential, leasing and development businesses.

Previous to ALI, she held post as Senior Manager for Financial Reporting in ePLDT, Inc., a subsidiary of Philippine Long Distance Company (PLDT) from October 2008 to February 2009.

Ms. Diaz spent eight (8) years in public practice when she was with PricewaterhouseCoopers (PwC) Manila from July 2001 to February 2006 and September 2006 to September 2008 with her most recent role as a manager in the Assurance and Business Advisory Services Group. She specialized in consumer, industrial products and services, and oil and gas industries, among others. She also served as the Business Standards Reporting Manager with Merck Sharp and Dohme (IA), Philippine Branch from February 2007 to September 2006.



DATO' IR. LIM KAY KENG

Chief Development Officer
(A Malaysian, male, aged 52)

Dato' IR. Lim Kay Keng obtained a Master of Business Administration from the University of Leicester in 2004 and a Bachelor's in Civil Engineering from the University of Malaya in 1990. He is a professional engineer registered with the Board of Engineers Malaysia since 1997.

Dato' IR. Lim Kay Keng was appointed as Chief Development Officer in January 2016. He currently serve on the Board of several companies within the Group. He joined MCT Berhad in 2014 as Development Director, and was involved in the Due Diligence Working Group for the Listing Exercise of the Group from 2014 to 2015.

He has more than 27 years of experience in property development, property management and related industries. Prior to joining MCT, he was with the United Engineers Limited of Singapore Group of Companies from 2008, serving as General Manager and Company Director of some of their business entities in Malaysia. He also spent about 10 years with Magnum Corporation Berhad Group of Companies in the earlier part of his career.

CORPORATE RESPONSIBILITY



MCT Berhad is cognisant of its responsibility to its stakeholders and the communities in which we operate and have a presence. We have in place our corporate responsibility strategy that is built on four key areas - marketplace, community, workplace and environment – that is aligned to our Mission and Vision.

Guided by these four key pillars, we strive to continuously connect with our stakeholders and work in partnership with the communities around us as this enables us to understand their needs better and challenge the way we think in order to create solutions that will impact their lives positively. From hosting fun events and serious talks to celebrating the various local festivals, we are focused on building trust and delivering positive outcomes to our stakeholders.

CORPORATE RESPONSIBILITY

MARKETPLACE

MCT Berhad aspires to the highest standards of corporate governance and we have in place a robust corporate governance framework that is integral to the way we operate. Guided by the fundamental principles of high ethical standards, transparency, integrity and accountability, we adhere to the sound policies and practices that have been put in place as these actions are critical for the long-term performance and sustainability of the company.

As a responsible corporate citizen, we are dedicated to safeguarding the privacy of our stakeholders. We abide by the terms laid out in the Malaysian Personal Data Protection Act 2010 (PDPA) that protects the private data of our customers, stakeholders, partners and others.

MCT is committed to maintain open communication with our shareholders, investors, analysts, fund managers, customers, associates, business partners and the media to keep them abreast with our strategies, performance as well as key business activities. The dissemination of accurate, timely and relevant information is conducted through our financial results, analyst briefings, corporate activities, project launches as well as sites visit.

COMMUNITY

The Bursa Bull Charge 2016

8 September 2016

Exchange Square, Bursa Malaysia Berhad

MCT participated in the Bursa Bull Charge 2016 CEO and team events. Initiated by Bursa Malaysia Berhad, the Bursa Bull Charge aims to raise funds for the charitable causes, improve financial literacy and ensure the sustainability of the market place, which is in line with MCT's vision.

Malaysian Retail Chain Association (MRCA) Charity Run 2016

20 November 2016

One City

MCT was proud to be the Diamond sponsor for the Malaysian Retail Chain Association (MRCA) Run for the second consecutive time. The MRCA Run was created to promote general welfare and raise funds for the MRCA Branding Education Charity Foundation. A large number of MCT employees took part in this event that also served as a platform to encourage better health management and increase social commitment at the workplace.

SJK(C) Union Fundraising

LakeFront Cyberjaya

The development of SJK(C) Union is notably one of MCT's key efforts in creating a thriving environment for the residents in the surrounding areas. The fundraising event was attended by over 130 customers, current and potential, raising more than RM50,000. The funds will be used for the building of the school, which is targeted to be completed by end 2017 while enrolment is expected to commence on early of 2018.

Visit to Old Folks Home

21 January 2017

Glad Tidings Heritage Home

In conjunction with the Chinese New Year (CNY), MCT organised a visit to Glad Tidings Heritage Home to celebrate CNY with the residents of the Home. The team from MCT assisted the care-takers in spring cleaning activities and then furnished the Home with CNY decorations. The residents were also treated to a sumptuous lunch by the team. MCT also donated RM10,000 to the Home, and part of it was given to residents in the form of "Ang Pows".

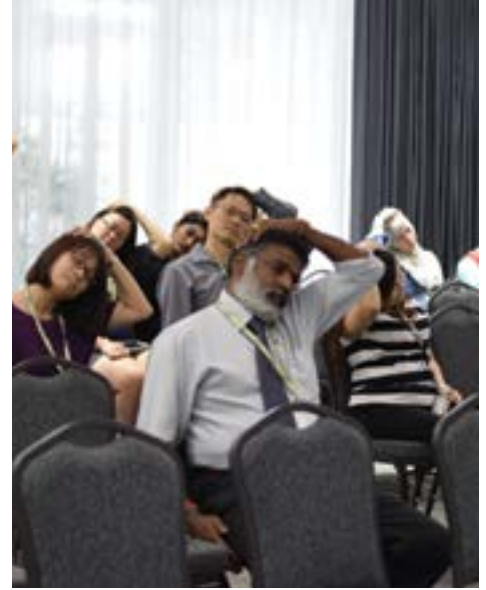
Blood Donation Drive

11 August 2016/ 21 March 2017

One City

Recognising that donating blood can save lives, MCT encouraged its employees to take part in this selfless act at the MCT Blood Donation Drive at One-City. Held in August 2016 and September 2017, more than 90 and 130 employees, respectively, took part in this to lend a hand to those in need.





Our people are our best asset and we play a key role shaping the future of our employees. As a responsible employer, our goal is to provide our employees with opportunities to grow and reach their full potential.

WORKPLACE

Our people are our best asset and we play a key role shaping the future of our employees. As a responsible employer, our goal is to provide our employees with opportunities to grow and reach their full potential. While we focus on nurturing a skilled and motivated team, we also put equal emphasis on attracting and developing a talent pipeline as this will determine MCT's ability to innovate and compete effectively, now and in the next few years.

We also strive to create a collaborative work environment where the attributes, contributions and experiences of every employee is valued. Recognising that a healthy and happy workforce is an effective team, we have also put in place several work-life balance practices that will help them achieve job satisfaction as well as foster a sense of belonging and ownership.

Training and Development

Building a future-ready team is an essential growth component to our company. With so many trends and increased competition in the industry, it is important that we future-proof our team and strengthen their foundation. Given our truly diversified workforce, we have put in place numerous programmes that would meet their various needs and growth prospects.

Throughout the year in review, MCT conducted 63 training and development programmes which were attended by approximately 217 employees. These training programmes covered skills-building, leadership, health and even customised programmes to help them excel in this evolving landscape, on the personal as well as professional level.

City Survival Programme for Ladies

19 August 2016

One City

A City Survival Programme for Ladies, a specially designed crime prevention and survival training for women, was held to provide them with simple yet effective skills and techniques to counter street crime in Malaysia. More than 35 employees attended this training session.

CORPORATE RESPONSIBILITY

Health Talk

4 August 2016
One City

Maintaining the good health and overall well-being of our employees has always been a key priority at MCT. Cognisant that poor posture at the workplace is a major cause of back pain, workplace stress and can lead to repetitive strain injuries, a health talk by Wellness Art was held to increase awareness amongst employees on the importance of being healthy, both physically and mentally.

Safety Talk

19 August 2016
One City

MCT is committed to promoting employee safety through targeted training and development programmes. Through the talks, participants were exposed to numerous preventive measures, risks identification and the importance of a safe work culture as this would reduce the likelihood of any accidents occurring.

Employee Engagement Programme

Our people are at the heart of MCT. To create a sustainable, professional yet harmonious workplace, we continuously engage with our employees to ensure they are aware of our goals, feel valued, empowered and given the opportunity to make a difference, both professionally and personally. Through our Employee Engagement programmes, we have created a friendly environment that allows everyone to interact openly, healthier and encouraged to have a good work-life balance. Our employees are even encouraged to work collaboratively across departments to enhance experiences as well as utilise this platform to share the ideas, achievements and gain new knowledge through the formal and informal conversations.

Annual Dinner

13 January 2017
Grand Ballroom, The Place @ One City

Our employees are our best brand ambassadors and at the recent Annual Dinner, more than 680 employees were recognised for their hard work, commitment and loyalty throughout 2016. Themed "Blast from the Past", all performances of the night were performed by employees including the 'live' band, dances and comedy skits.

Bowling Competition

15 October 2016
Bukit Jalil Golf Club

This competition was held in Bukit Jalil Golf Club with the objective of fostering new relationships and strengthening the old ones, build teamwork as well as encourage work-life balance amongst the employees.



Badminton Club and Tournament USJ23 Arena Sport

A Badminton Club for MCT employees was formed in an effort to build the spirit of sportsmanship amongst them. The Club, participated by more than 100 employees are allowed to conduct their own training and practice sessions. MCT also sponsors an annual competition open to all its employees.

Employee Wellness Program

MCT employees were offered free membership to a Fitness Centre, which is owned by MCT and located within the same building. The Centre allows all employees to gain access to top-notch gym equipment as well as a host of activities such as yoga, zumba, belly dance, cardio dance and many more activities for the employees to participate.

Fruits Delivery

HQ Office, One City

To encourage a healthy lifestyle amongst employees, the Human Resource distributed a wide selection of fruits to all employees every Friday throughout the whole month of August, which was MCT's Safety and Health month.

ENVIRONMENT

Reducing our Environmental Footprint

A responsible developer, MCT believes in the importance of sustainable development across all our projects and reducing our impact on the environment. In our effort to reduce our environmental footprint, two of our completed projects, namely One City and The Place @ Cyberjaya, have incorporated Green Building Index (GBI) elements that include thermal energy storage, reducing the need for air-conditioning, rain water harvesting as well as energy efficiency. We believe we can minimise our impact on the environment and we are committed to operating in an environmentally-responsible manner.

CALENDAR OF EVENTS



MCT Berhad hosted and organised a wide array of activities throughout the year to engage and foster stronger relationships with our stakeholders and the communities in which we operate in.

The following list of events were held throughout the last financial year.



HARI RAYA OPEN HOUSE/ GAYA RAYA OPEN HOUSE

17 July 2016/ 31 July 2016

LakeFront Cyberjaya Sales Gallery/
Cybersouth Property Gallery

MCT celebrated Hari Raya Aidilfitri by organising two open house events at Lakefront Sales Gallery and Cybersouth Property Gallery respectively. Aside from the traditional Raya feast, there were a range of activities such as ATV driving, batik painting, inflatable games and more for visitors.

OLYMPICS GAMES

14 August 2016

LakeFront Cyberjaya Sales Gallery

In conjunction with the Olympics Games 2016 fever, MCT held an event for its patrons to bond and encourage tolerance among different races, cultures and religions. Attended by more than 300 customers and visitors, they were kept busy with the various games held such as Olympic fun games, family fun games and painting activities for the children.



CALENDAR OF EVENTS



JOM MERDEKA!/ GET CONNECTED!/ WE LOVE MALAYSIA

28 August 2016/ 25 September 2016/
4 September 2016

Cybersouth Property Gallery/
LakeFront Cyberjaya Sales Gallery

In conjunction with National Day and Malaysia Day, MCT organised a day of fun, with exciting events and activities in an effort to promote patriotism amongst its customers and visitors.

KIDZANIA GO/ CHILDRENS' DAY

9 October 2016/ 23 October 2016
LakeFront Cyberjaya Sales Gallery

MCT believes our children are the future of this country and spending quality time with children is key to strengthening family bonds, creating harmony and a stronger nation.

In light of this, MCT organised a series of activities for children of its residents and visitors at its Sales Gallery in Lakefront Cyberjaya to devote time together through fun and games.



OCTOBERFEST AND DEEPAVALI

30 October 2016
Cybersouth Property Gallery

In conjunction with Octoberfest and Deepavali or otherwise known as the Festival of Lights, MCT organised an array of activities such as Lego giant builder, Rangoli sand painting, Octoberfest mug Do-it-Yourself (DIY) workshop and henna tattoo at its Cybersouth Property Gallery. The event was attended by more than 150 people from all walks of life.



CALENDAR OF EVENTS

EXCLUSIVE LAUNCH OF LAKEFRONT SHOW VILLA

12 and 13 November 2016

LakeFront Cyberjaya Sales Gallery

During the launch of the Lakefront Show Villa, MCT introduced a series of marketing events and also provided progress updates on its projects as a gesture of appreciation to more than 300 of its loyal customers and friends who form part of MCT's social networks.



THE STORY OF THREE LIVINGS – GREEN LIVING, HEALTHY LIVING AND COZY LIVING

20 November 2016, 26 November 2016 and 4 December 2016

LakeFront Cyberjaya Sales Gallery

In an effort to create a sustainable living environment for the homebuyers, MCT launched a three-day event that focused on educating and sharing ideas on green, healthy and cozy living concepts. Activities included flower arrangements, health screening, DIY workshop, yoga, interior design, colour therapy and more.



COLOURS OF TOGETHERNESS

4 December 2016

LakeFront Cyberjaya Sales Gallery

MCT worked together with Jotun Malaysia and arranged exclusive, personal consultation sessions on 2017 colour trends and wall designs for its customers. Parents also enjoyed a bonding session with their children through an art piece workshop conducted by professionals from Sewing World during the event.



CALENDAR OF EVENTS



CHRISTMAS CELEBRATION

18 December 2016

Cybersouth Property Gallery

MCT held a series of DIY workshops that offered the patrons various ideas for Christmas gifts such as creating Christmas hats, greetings cards and more.

CHINESE NEW YEAR OPEN HOUSE

22 January 2017/ 12 February 2017

Cybersouth Property Gallery/
Lakefront Cyberjaya Sales Gallery

To celebrate the lunar New Year, MCT held an open house at One City which saw a number of traditional activities lining up including world champion acrobatic lion dances, 24-season drum performance by SJK (C) Dengkil, Chinese cultural shows and Chinese calligraphy. Visitors were also treated to a scrumptious meal. More than 300 people thronged the Gallery during this event.



FUNBRUARY

26 February 2017

Cybersouth Property Gallery

MCT organised a series of family fun activities at the gallery to foster stronger ties with its loyal customers and supporters. Attended by more than 160 people, the activities conducted included inflatables for kids, car racing simulator and Wii games.



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“The Board”) of MCT is committed to upholding good corporate governance practices in the Group’s daily business operations with the objective of ensuring the long-term sustainability of its business and safeguarding the interests of the shareholders and other stakeholders.

This statement sets out the extent of compliance by the Company with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (“MCCG”) and the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) for the financial year ended 30 June 2017.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board has established clear functions reserved for the Board and those delegated to Management. These functions have been clearly described and understood by both parties to ensure accountability.

1.1 Clear Function reserved for Board and Delegation to Management

The role of the Chairman and the Chief Executive Officer (“CEO”) are separated with each having a clear scope of duties and responsibilities. The Chairman is responsible for ensuring the Board’s effectiveness and conduct whilst the CEO is responsible for operations and implementation of Board policies, strategies and decisions.

The Management is responsible for the day to day management of financial and operational matters in accordance with the strategic direction approved by the Board.

1.2 Clear roles and responsibilities

The roles and responsibilities of the Board are clearly set out in the Board Charter. As the Board is entrusted with the role of safeguarding the interests of shareholders and building sustainability in the Company’s business, every Director has a legal duty to act in the best interest of the Company. Thus, the Board assumes, amongst others, the following significant responsibilities:

- reviewing and adopting strategic plans, business direction and policies;
- reviewing the adequacy and integrity of the internal control systems and risk management framework and policy;
- adopting succession planning policies;
- adopting an investors relations programme; and
- reviewing financial performance and annual budget.

The Board has established and assigned specific responsibilities to three (3) Board Committees of the Board which are entrusted with specific responsibilities to oversee the Group’s affairs, in accordance with their respective clearly defined written terms of reference (“TOR”). The Board reviews the Board Committees’ authority and TOR from time to time to ensure their relevance. These Board Committees are responsible for examining particular issues within clearly defined TOR and reporting back to the Board with their recommendations. The activities of the Board Committees are further explained in this Statement.

The Board Committees are:

- Audit and Risk Management Committee (“ARMC”);
- Remuneration Committee (“RC”); and
- Nomination Committee (“NC”).

The minutes of Board Committee meetings and circular resolutions passed are presented to the Board for information. The Chairman of the relevant Board Committees will also report to the Board on the key issues deliberated on by the Board Committees at their meetings.

STATEMENT ON CORPORATE GOVERNANCE

1.3 Code of Ethics & Whistle-Blowing Policy

The Group is committed to upholding good corporate governance practices; thus, every Director is required to observe the Code of Ethics (“the Code”) set out by the Companies Commission of Malaysia as a guideline. The Code is formulated to enhance the standard of corporate governance and ethical behaviour with the intention of achieving the following aims:

1. To establish a standard of ethical behaviour for directors, including Executive and Non-Executive Directors, based on trustworthiness and values that can be accepted, are held or upheld by any one (1) person.
2. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

All Directors should at all times observe high ethical business standards in discharging their duties and responsibilities as a Director and to act in good faith and in the best interests of the Company and its shareholders.

The Company has also issued a separate business of the Code that applies to all managers and Senior Management (“Executives”) of the Group to sustain the confidence and trusts of its customers and suppliers. The Code sets out the standards of business conduct and ethical behaviour, such as integrity, dealing with conflict of interest, proper use of Group’s assets, compliance with all applicable laws, rules and regulations of the relevant regulatory/governmental authorities, confidentiality, fairness, etc. for all Executives in the performance and exercise of their responsibilities as Executives.

The Board has implemented a set of Whistle-Blowing Policy and procedures to provide employees to raise genuine concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way. Following the resignation of the Senior Independent Non-Executive Director who was appointed by the Board to act as a designated contact to whom executives’ or employees’ concerns and queries may be raised, the Management had outsourced its whistleblowing program to a third party with a dedicated hotline and procedures to allow review and investigation of incidents reported with the approval from the Board. The Whistle-Blowing Policy shall be available on the Company’s website at www.mct.com.my, subject to amendments, if any.

1.4 Supply of information

The agenda and Board Papers are circulated to all Directors in advance to ensure Directors are given sufficient time to request additional information or seek clarification, where necessary. Matters that required Directors’ approval, a clear and detail information will be given to the Board, on a timely basis, to enable them to discharge their duties.

The Directors have direct access to Senior Management to seek further informations, explanations and updates on any aspect of the Group’s operations and businesses as well as the advice and services of the Company Secretaries. In addition, the Directors may also seek independent professional advice, at the Company’s expense, if required.

1.5 Company Secretaries

The Directors have full and unrestricted access to the advice and dedicated support services of the Company Secretaries appointed by the Board. The Company Secretaries, who are qualified and experienced, are responsible to advise and update the Board on corporate governance matters, procedural and regulatory requirements by ensuring the Board adheres to the board policies, procedures and regulatory requirement in carrying out its roles and responsibilities effectively.

1.6 Board Charter

The Company has adopted a Board Charter to provide guidance and clarity on the Board’s roles and responsibility as well as the relationship between the Board and shareholders. The Board will review the Board Charter where necessary to ensure it remains consistent with the Board’s objectives and practice. A copy of the Board Charter is available on the Company’s website at www.mct.com.my.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2: STRENGTHEN COMPOSITION

2.1 Nomination Committee

The NC was established by the Board with the responsibility of overseeing the selection of new appointments to the Board and reviewing the effectiveness of the Board, through performance assessment of the Board, Board Committees and individual Directors. The full TOR of the NC is available on the Company's website at www.mct.com.my.

During the financial year, Tan Sri Dato' Hj. Abd. Karim Bin Shaikh Munisar was appointed as Chairman of the NC, in place of Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, who has resigned as Chairman of the NC following his resignation as Director on 1 January 2017. The NC currently comprises three (3) members and all of whom are Non-Executive Directors with a majority being Independent Directors. Their attendances were set out below:

Name	Designation	Attendance
Tan Sri Dato' Hj. Abd. Karim Bin Shaikh Munisar ⁽¹⁾	Chairman, Independent Non-Executive Director	2/2
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Member, Independent Non-Executive Chairman	2/2
Bernard Vincent Olmedo Dy	Member, Non-Independent Non-Executive Director	2/2
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng ⁽²⁾	Chairman, Senior Independent Non-Executive Director	1/1

Notes:

⁽¹⁾ Appointed as Chairman of the NC on 24 February 2017.

⁽²⁾ Resigned as Chairman of the NC on 1 January 2017.

The duties and responsibilities of the NC are as follows:-

- identifying and recommending new nominees to the Board as well as committees of the Board of MCT and its subsidiaries;
- reviewing on an annual basis the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board as a whole, the Committees of the Board, and the contribution of each individual Director. In the event of Independent Director(s) who are retained beyond nine (9) years, the NC should conduct an assessment of the Independent Director(s) and recommend to the Board whether the Director should remain as independent or be re-designated;
- to review the term of office and performance of an ARMC and each of its members annually to determine whether such ARMC and members have carried out their duties in accordance with the TOR of the ARMC; and
- recommending to the Board the re-election of Directors retiring in accordance with the provisions of the Company's Articles of Association, for approval by shareholders.

2.2 Criteria for Recruitment and Annual Assessment of Directors

Appointment to the Board

The NC is responsible for the identifying and recommending new nominees to the Board as well as committees of the Board. The selection of candidates is facilitated through recommendation from the Directors and management including the Company's contacts in related industries and professions. In evaluating the appointment of a Director, the NC will review the skills, experience, integrity and core competencies of the candidate that is required by the Board.

STATEMENT ON CORPORATE GOVERNANCE

Board Diversity

The Board acknowledge the need to enhance board gender diversity. Currently, there is one (1) female Director on the Board, namely Ms. Anna Maria Margarita Bautista Dy.

Board Effectiveness Assessment

During the financial year under review, the NC met twice (2) and carried out the following activities, and reported to the Board the outcome of:

- (a) assessed and recommended the changes of the composition of the Board as follows:
 - (i) assessed and recommended the appointment of Tan Sri Dato' Hj. Abd. Karim Bin Shaikh Munisar as Chairman of the NC of the Company on 24 February 2017, in place of Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, who has resigned as Chairman of the NC on 1 January 2017;
 - (ii) assessed and recommended the re-designation of Mr. Jose Juan Z. Jugo, who was appointed to the Board on 20 January 2017 to Non-Independent Executive Director cum Chief Executive Officer of the Company with effect from 15 March 2017;
 - (iii) assessed and recommended the appointment of Mr. Lao Chok Keang as Independent Non-Executive Director and Chairman of the ARMC on 24 February 2017;
 - (iv) assessed and recommended the re-designation of Dato' Sri Tong Seech Wi as Non-Independent and Executive Director of the Company with effect from 15 March 2017; and
 - (v) assessed and recommended the re-designation of Datuk Lim Kok Boon as Non-Independent Non-Executive Director of the Company with effect from 15 March 2017.
- (b) reviewed and recommended the re-election of three (3) Directors, retiring pursuant to Articles 81 and 88 of the Company's Articles of Association ("CAA"), whom were re-appointed and/or re-elected by the Shareholders during the Seventh (7th) Annual General Meeting ("AGM") held on 28 November 2016.

Subsequent to the financial year ended 30 June 2017, the NC has conducted the following annual assessments in accordance with the TOR of the Company and the results were reported to the Board:

- (a) reviewed the effectiveness of the Board, Board Committees and contribution of each individual Director;
- (b) reviewed the term of office and performance of the ARMC and each of its members to determine whether the ARMC and members have carried out their duties;
- (c) assess the independence of each Independent Director in carrying out their respective functions during the year; and
- (d) reviewed and recommended the re-appointment/re-election of Directors retiring pursuant to the Articles 81 and 88 of the CAA for the Shareholders' approval at the forthcoming Eighth (8th) AGM.

The criteria used in the performance assessment of the Board, Board Committees and individual Directors include:

- (a) appropriate size, composition, degree of independence, right mix of expertise, experience and skills within the Board and the Board Committees;
- (b) open communication of information and active participation within the Board and Board Committee;
- (c) clear understanding of the Board and Board Committees' roles and responsibilities and the Group's direction and strategy; and
- (d) the characteristic, integrity, competency and time commitment of the members of the Board and Board Committee in discharging their duties.

STATEMENT ON CORPORATE GOVERNANCE

Re-election and Re-appointment of Directors

Pursuant to Article 81 of the CAA, at least one third (1/3) of the Directors of the Company shall retire and be eligible for re-election at the AGM of the Company provided that all Directors shall retire at least once in every three (3) years. Based on the chronology of Directors' appointment to the Board and upon recommendation by the NC, the Board takes pleasure in proposing the re-election of the following Directors, who have offered themselves for re-election, during the forthcoming 8th AGM:

- (a) Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor; and
- (b) Tan Sri Dato' Sri Goh Ming Choon.

Article 88 of the CAA also provides that a Director who is appointed by the Board during the year shall be subject to re-election at the next AGM to be held following his or her appointment. With the recommendation of the NC, the Board also takes pleasure in proposing the re-election of the following Directors, who have offered themselves for re-election, during the forthcoming 8th AGM:

- (a) Mr. Jose Juan Z. Jugo; and
- (b) Mr. Lao Chok Keang.

2.3 Remuneration Committee

The RC was established by the Board to review Directors' remuneration matters and make relevant recommendation to the Board. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors with the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders. The TOR for the RC is available on the Company's website at www.mct.com.my.

During the financial year, Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng has resigned as member of the RC on 1 January 2017. The current RC comprises the following three (3) Non-Executive Directors, the majority of whom are Independent Directors:

Name	Designation	Attendance
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Chairman, Independent Non-Executive Chairman	3/3
Tan Sri Dato' Hj. Abd. Karim Bin Shaikh Munisar	Member, Independent Non-Executive Director	3/3
Bernard Vincent Olmedo Dy	Member, Non-Independent Non-Executive Director	1/3
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng ⁽¹⁾	Member, Senior Independent Non-Executive Director	1/1

Note:

⁽¹⁾ Resigned as member of the RC on 1 January 2017.

Directors' Remuneration

On the recommendation of the RC, the Board has decided to retain the current remuneration structure for the financial year ended 30 June 2017. Details of the range of remuneration received/receivable by the Directors of the Company are as follows:

	The Group		The Company	
	Executive Director (RM)	Non-Executive Director (RM)	Executive Director (RM)	Non-Executive Director (RM)
Directors' Fees*	2,648,420.10	425,419.18	-	425,419.18
Other emoluments	401,113.92	28,000.00	-	28,000.00
Benefits-in-kind	68,523.12	12,853.59	-	12,853.59
Total	3,118,057.14	466,272.77	-	466,272.77

Note:

* The proposed Directors' Fees are subject to the approval of the shareholders' at the forthcoming 8th AGM of the Company and the respective subsidiaries.

STATEMENT ON CORPORATE GOVERNANCE

In addition, the Company also provides Directors' and Officers' Liability Insurance Policy for Directors of the Group. However, the said insurance policy will not indemnify the Director against, any liability which by law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust.

The number of Directors of the Company, whose remuneration falls into the following bands:

Range of Remuneration	Number of Directors ⁽¹⁾	
	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4
RM50,001 to RM100,000	-	4
RM100,001 to RM150,000	-	1
RM150,001 to RM500,000	2	-
RM500,001 to RM1,000,000	1	-
RM1,000,001 to RM1,500,000	1	-

Note:

⁽¹⁾ The number of Directors did not reflect the current number of Directors of the Company as there were changes of the composition of Directors during the financial year ended 30 June 2017 whereby re-designation of Executive Directors to Non-Executive Directors and vice versa has been taken place.

PRINCIPLE 3: REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board has set out policies and procedures to ensure the effectiveness of the Independent Non-Executive Directors. Assessment of the Independence of the Independent Director is carried out annually.

The Board and the NC have upon their annual assessment, concluded that each of the three (3) Independent Non-Executive Directors fulfil the criteria of independence as prescribed under the Main LR. They have exercised independent and objective judgement, discharged duties with reasonable care, skill and diligence and have the integrity and ethics that are essential indicators of independence.

3.2 Tenure of Independent Directors

The purpose of appointing Independent Directors is to ensure that the Board includes Directors who can effectively exercise their independent and objective judgement during the Board's deliberations and during decision-making of the Board and the Committees.

In the event that Independent Director(s) are retained beyond nine (9) years, the NC will based on the result of the assessment recommend to the Board whether the Director(s) should remain as independent or to be re-designated.

3.3 Board Composition

The Board currently consists of nine (9) members, comprising of three (3) are Independent Directors. Hence the composition of the Board fulfils the prescribed requirement that one-third (1/3) of the number of the Directors on the Board be independent. The Board's composition is in line with the recommendation of the MCCG and Paragraph 15.02 of the Main LR, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

The Board comprises a mixture of Directors from diverse professional backgrounds, skills and experiences in the areas of business, marketing and commercial management, economics, construction, management and finance, required for effective and independent decision-making at the Board level. The Board considers its current size adequate given the present scope and nature of the Group's business operations. The Directors of the Company have exercised independent and objective judgement, discharged duties with reasonable care, skill and diligence and have the integrity and ethics that are essential indicators of independence.

STATEMENT ON CORPORATE GOVERNANCE

3.4 Chairman/CEO

The roles of the Chairman and CEO are undertaken by separate persons. The Chairman is an Independent Non-Executive Chairman.

PRINCIPLE 4: FOSTER COMMITMENT

4.1 Time Commitment

The Board meet at least four (4) times a year with additional meetings to be convened when necessary. During the financial year, the Board had held six (6) meetings and details of the attendance of the Directors at the Board meetings are as follows:

Name of Director	Designation	Attendance
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Chairman, Independent Non-Executive Chairman	6/6
Jose Juan Z. Jugo ⁽¹⁾	Non-Independent Executive Director cum Chief Executive Officer	3/3
Dato' Sri Tong Seech Wi ⁽²⁾	Non-Independent Executive Director	6/6
Tan Sri Dato' Sri Goh Ming Choon ⁽³⁾	Non-Independent Non-Executive Director	6/6
Tan Sri Dato' Hj. Abd. Karim Bin Shaikh Munisar	Independent Non-Executive Director	6/6
Datuk Lim Kok Boon ⁽⁴⁾	Non-Independent Non-Executive Director	6/6
Bernard Vincent Olmedo Dy	Non-Independent Non-Executive Director	4/6
Anna Maria Margarita Bautista Dy	Non-Independent Non-Executive Director	6/6
Lao Chok Keang ⁽⁵⁾	Independent Non-Executive Director	2/2
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng ⁽⁶⁾	Senior Independent Non-Executive Director	3/3

Note:

⁽¹⁾ Appointed as a Non-Independent Non-Executive Director on 20 January 2017 and subsequently be re-designated as Non-Independent Executive Director cum Chief Executive Officer on 15 March 2017.

⁽²⁾ Re-designated as Non-Independent Executive Director on 15 March 2017.

⁽³⁾ Re-designated as Non-Independent Non-Executive Director on 30 November 2016.

⁽⁴⁾ Re-designated as Non-Independent Non-Executive Director on 15 March 2017.

⁽⁵⁾ Appointed as an Independent Non-Executive Director on 24 February 2017.

⁽⁶⁾ Resigned as Senior Independent Non-Executive Director on 1 January 2017.

4.2 Directors' Training

Two (2) Directors being appointed during the financial year have attended and successfully completed the Mandatory Accreditation Programme ("MAP") as specified by Bursa Malaysia. The Directors are also encouraged to attend courses and seminars that are relevant to the Company's operations and businesses conducted by professionals.

Every Director of the Company undergoes continuous training as an ongoing process to equip himself/herself to effectively discharge his/her duties as a Director. For that purpose, he/she ensures that he/she attends such training programmes to continually develop and update himself/herself from time to time. The Company also provides induction programme for new members of the Board, to ensure that they have a comprehensive understanding of the operations of the Group and the Company.

Majority of the Directors of the Company have attended the workshops on topics related to the following:-

- Fraud Risk Management Workshop;
- Companies Act 2016 and Regulation on An Overview of Changes Comparison & Duties & Responsibilities of Directors under Companies Act 2016; and
- Economic and Business Outlook Conference 2017.

In addition, the external auditors and Company Secretaries have briefed the Board on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board, which is assisted by the ARMC, aims to present a balanced and understandable assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to Bursa Malaysia. The composition of the ARMC, including its roles and responsibilities, are set out in the TOR of the ARMC which is available on the Company's website.

The Directors are responsible for ensuring that the annual financial statements are prepared in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia which gives a true and fair view of the Group and of the Company's state of affairs, results and cash flows.

A statement by the Directors of their responsibilities in preparing the financial statements is set out in this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

The ARMC had reviewed the suitability and independence of the external auditors on annual basis and is satisfied with their performance, competency and independence and has recommended to the Board their re-appointment for the financial year ending 30 June 2018. The ARMC meets with the external auditors three (3) times during the financial year to discuss their audit plan, professional service planning memorandum, audit findings and the Company's financial statements. In addition to that, the external auditors had a private session with the ARMC without the presence of the Executive Directors or Senior Management.

5.3 Related Party Transactions ("RPT")

During the financial year, the Board had approved the revised policies for the RPT of the Company which was reviewed by the ARMC that are applicable to all personnel in the Group which includes Directors, and temporary and contract employees. This policy aims to provide an avenue for employees to understand the policies and procedures that need to be adhered to in identifying and treat related party transaction to ensure compliance with the Main LR. The policy outlines the framework and the processes for purposes of identifying, monitoring, evaluating, reporting and approving the RPT and Recurrent Related Party Transaction.

A Director, who has an interest in a transaction, must abstain from deliberating and voting on the relevant resolution, in respect of such transaction at the meeting of the Board of Directors and at the AGM or Extraordinary General Meeting convened to consider the said matter.

PRINCIPLES 6: RECOGNISE AND MANAGE RISK

6.1 Sound Risk Management Framework

In recognising the importance of risk management and internal controls, the Board outsourced its Risk Management function to an independent consulting firm, Axcelasia Columbus Sdn Bhd ("Axcelasia"), following the resignation of the Senior Risk Management Manager.

The role of the external Risk Management is to enhance the Enterprise Risk Management Framework of the Group to facilitate systematic application of risk management practices and reporting on risk management results effectively. The Board approved the revised Enterprise Risk Management Program to identify, evaluate, control, monitor and report the principal business risks on an on-going basis which was assessed, reviewed and recommended by the ARMC.

Full details of the system are set out in the Statement on Risk Management and Internal Control in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

6.2 Internal Audit Function

The Internal Audit Department continues to undertake regular and systematic reviews of the Group's internal controls to provide reasonable assurance to the ARMC, the Board and the Management that the system of internal controls is effective in addressing the risks identified and improving the Group's operational efficiency. The internal audit function is independent of the Management and has full access to all of the Group's entities, records and personnel. The scope and activities of the Company's internal audit function as well as the cost incurred in maintaining it are reported in the Report of the ARMC and the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy and Procedure

The Company values the importance of dissemination of relevant and material information on the development of the Group to its shareholders and stakeholders in a timely and equitable manner. The Company's corporate website at www.mct.com.my serves as one (1) of the most convenient ways for the shareholders and members of the public to gain access to corporate information, announcements, quarterly results, annual reports, media releases, etc. There is also a section focusing on Corporate Governance that comprised the Company's Board Charter, Code of Ethics, Whistle-Blowing Policy, TOR for ARMC, NC and RC.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholders Participation at General Meetings

The AGM is the principal forum for dialogue and interaction with all shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Company.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode of shareholder communication. This includes the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

8.2 Poll Voting

In line with the recent amendments to the Main LR of Bursa Malaysia, the Company will implement poll voting for all the resolutions set out in the Notice of AGM. An Independent Scrutineer will be appointed to validate the votes cast at the AGM.

This Statement is made in accordance with the resolution of the Board dated 16 October 2017.

ADDITIONAL COMPLIANCE INFORMATION

1. Employees' Share Option Scheme ("ESOS")

The effective date of implementation of the Company's ESOS was 3 May 2016 ("Implementation Date") and shall in force for five (5) years from the Implementation Date.

No options or shares were granted between the Implementation Date and 30 June 2017.

2. Audit and Non-Audit Fees

The details of the fees paid/payable for audit and non-audit services rendered by the External Auditors during the financial year ended 30 June 2017 are as follows:

Fees paid/payable	Group (RM)	Company (RM)
Audit	374,600	50,000
Non-Audit	30,000	5,000

3. Material contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and the Group, which involve the interest of Directors and major shareholders of the Company during the financial year ended 30 June 2017.

4. Recurrent Related Party Transactions ("RRPT") of revenue or Trading nature

The Company did not enter into any RRPT which requires the shareholders' mandate during the financial year ended 30 June 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) of MCT Berhad (“the Company”) is committed to nurture and maintain sound risk management processes and systems of internal control throughout its group of companies (“the Group”). The Board’s Statement on Risk Management and Internal Control (“the Statement”) featuring the Group’s risk management process and its state of internal control is outlined as follows:

The Statement is made in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Recommendation 6.1 for Principle 6 of the Malaysian Code on Corporate Governance 2012.

THE BOARD’S RESPONSIBILITY

The Board affirms its overall responsibility for the Group’s systems of internal control and risk management process in order to safeguard shareholders’ investment and the Group’s assets. The Board ensures the adequacy, effectiveness and integrity of the internal control systems through regular reviews, accompanied by ongoing risk management processes.

It should be noted that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can provide only reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Company has outsourced its risk management function to a third-party consulting firm, namely Axcelasia Columbus Sdn Bhd, to introduce effective practices to the Group.

The consultants carry out their duties in accordance with AS/NZS ISO 31000:2009 Risk Management Standard. They conduct risk management activities in the following manner:

- 1) Review and enhance the current risk policy as well as risk reporting structure, format and frequency.
- 2) Analyse and propose suitable risk parameters.
- 3) Assist risk owners in identifying and assessing the risks they face by conducting awareness sessions, face-to-face discussions and workshops.
- 4) Identify the top five risks the Group faces based on risk assessments.
- 5) Assist risk owners in formulating action plans for mitigating the top five risks by conducting workshops.
- 6) Review the implementation status of agreed action plans for the top five risks.

INTERNAL CONTROL

The key processes that the Group has established in reviewing the adequacy and integrity of the Group’s systems of internal control include the following:

- 1) Internal policies and procedures, which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group, are maintained and subject to review as considered necessary.
- 2) Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant terms of reference, organisational structures and appropriate authority limits, including matters requiring the Board’s approval. The corporate structure further enhances the ability of each subsidiary or division, as the case may be, to focus on its assigned core or support functions within the Group.
- 3) Appropriate business plans are established where the Group’s business objectives, strategies and targets are articulated. Business planning and budgeting are undertaken annually to establish plans and targets against which performance is monitored on an ongoing basis.
- 4) The Group’s management team monitors and reviews financial and operational results, including monitoring and reporting of performance against the operating plans. The management team formulates and communicates action plans to address areas of concern.
- 5) The Board has set the tone at the top for corporate behavior and corporate governance. All employees of the Group shall adhere to the Code of Ethics and Conduct of the Group which sets out the principles and standard to guide employees in carrying out their duties and responsibilities to the high standards of personal and corporate integrity when dealing within the Group and with external parties.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 6) The Group takes continuous efforts in maintaining the quality of its products and services. Accordingly, the Group has a process to enable timely adherence to safety and health regulations, environmental requirements and relevant legislations affecting the Group's operations.
- 7) Sufficient insurance coverage and physical safeguards over major assets of the Group are in place to enable assets to be adequately covered against calamities and/or theft that may result in material losses to the Group.
- 8) Regular internal audit visits to assess and provide independent reports and assurance on the state of internal control systems of the Group's various operations.
- 9) Continuous training and development programmes covering all levels of the Group's employees to ensure and to maintain the competency and efficiency of the employees.
- 10) Undertakes the compliance review functions to ensure adherence to rules and regulations laid down by the various regulators and authorities.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed the Statement for inclusion in the annual report of the Company for the year ended 30 June 2017. Their limited assurance review was performed in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management process and internal control systems of the Group.

The external auditors have reported to the Board that nothing have come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and effectiveness of the risk management process and internal control systems of the Group.

THE BOARD'S CONCLUSION

The Board has reviewed the risk management process and internal control systems and believes that the risk management process and internal control systems of the Group are in place for the year under review. The Board also believes that up to the date of issuance of the financial statements, they are effective and adequate to safeguard the shareholders' investment as well as the interests of regulators and employees.

The Board has also received reasonable assurance from Jose Juan Zialcita Jugo, the Chief Executive Officer, and Maria Rochelle Siloterio Diaz, the Chief Financial Officer, that the Group's risk management process and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management process and internal control systems of the Group.

Moving forward, the Group will continue to improve and enhance the existing risk management process and internal control systems, taking into consideration the changing business environment.

The Statement was approved by the Board on 2 October 2017.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of MCT is pleased to present the report of the Audit and Risk Management Committee (“ARMC”) and its activities for the financial year ended 30 June 2017

COMPOSITION

The ARMC currently comprises four (4) members and all of whom are Non-Executive Directors with a majority being Independent Directors. All the members of the ARMC are financially literate and able to analyse and interpret financial statements in order to effectively carrying out their duties and responsibilities as members of the ARMC.

During the financial year, the Board has appointed Mr. Lao Chok Keang as the Chairman of the ARMC, a member of the Malaysian Institute of Accountants, in place of Tan Sri Dato’ Lau Yin Pin @ Lau Yen Beng, who has resigned as Chairman of the ARMC on 1 January 2017. Hence, the composition of the ARMC is in compliance with Paragraph 15.09(1) of the Main LR. Details of the ARMC members are set out in the Profile of the Board of Directors in this Annual Report.

The ARMC who served during the financial year ended 30 June 2017 and their attendance are sets out below:

Name of Audit and Risk Management Committee	Designation	Attendance
Lao Chok Keang ⁽¹⁾	Chairman, Independent Non-Executive Director	2/2
Tan Sri Dato’ Sri Abi Musa Asa’ari Bin Mohamed Nor	Member, Independent Non-Executive Chairman	5/5
Tan Sri Dato’ Hj. Abd. Karim Bin Shaikh Munisar	Member, Independent Non-Executive Director	5/5
Anna Maria Margarita Bautista Dy	Member, Non-Independent Non-Executive Director	5/5
Tan Sri Dato’ Lau Yin Pin @ Lau Yen Beng ⁽²⁾	Chairman, Senior Independent Non-Executive Director	3/3

Note:

⁽¹⁾ Appointed as Chairman of the ARMC on 24 February 2017.

⁽²⁾ Resigned as Chairman of the ARMC on 1 January 2017.

MEETINGS

The ARMC convened a total of five (5) meetings during the financial year ended 30 June 2017. The meetings were held on 24 August 2016, 5 October 2016, 28 November 2016, 24 February 2017 and 26 May 2017.

The Chief Financial Officer, Head of Internal Audit and Senior Risk Management Manager were invited to attend all the ARMC meetings. Other persons were invited to attend the ARMC meeting upon invitation, as and when necessary.

The ARMC meets with the external auditors three (3) times during the financial year under review to discuss their audit plan, professional service planning memorandum, audit findings and the Company’s financial statements. In addition to that, the external auditors had a private session with the ARMC without the presence of the Executive Directors or Senior Management. The Chairman of the ARMC engaged directly with the internal auditors and external auditors, and vice versa, including the senior management, for discussion on issues of concern during the financial year under review.

The ARMC undertook an annual assessment of the external auditors and is satisfied with their independence and effectiveness in providing their services to the Group. As such, the ARMC has recommended and the Board has agreed to seek shareholders’ approval at the forthcoming Eighth Annual General Meeting to re-appoint Messrs. Deloitte as the external auditors of the Company.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

TERMS OF REFERENCE

The Terms of Reference (“TOR”) of the ARMC which were revised on 3 May 2016 in accordance with the amendments to the Main LR are available for reference on the Company’s website: www.mct.com.my.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, the ARMC carried out the following activities:

- (a) Reviewed the unaudited quarterly financial reports before they were presented to the Board for approval.
- (b) Reviewed the year-end financial statements of the Group and obtained assurance that the financial reporting and disclosure requirements of the relevant authorities had been duly complied with.
- (c) Reviewed with the external auditors, focusing on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, unusual events, the going concern assumption, compliance with accounting standards, compliance with the Main LR and other legal requirements.
- (d) Reviewed with the external auditors, their audit plan memorandum covering the audit objectives and approach, key audit areas and the relevant accounting standards issued by the Malaysian Accounting Standard Board and other relevant technical pronouncements that are relevant to the Group, as well as, the impact of any changes to the accounting policies.
- (e) Reviewed with the external auditors, their audit report and findings on financial reporting matters, and reported such matters to the Board of Directors.
- (f) Met with the external auditors without the presence of the Executive Directors and Senior Management.
- (g) Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment and audit fee.
- (h) Reviewed and approved the Internal Audit Planning Memorandum for the Company and its subsidiaries for the financial year ending 2018 and coverage of the Group’s activities based on identified and assessed key risk areas.
- (i) Reviewed the adequacy of resources to complete the audit plan.
- (j) Reviewed the internal auditors’ observations, recommendations for improvements and management’s response thereto.
- (k) Reported major findings to the Board and made recommendations to the Board for consideration and approval based on the internal audit reports.
- (l) Approved the Risk Management Framework and Policy including the Business Continuity Plan and Crisis Management for the Group.
- (m) Recommendation to the Board to engage an external party to carry on with the Risk Management function following the resignation of the Senior Risk Management Manager and reviewing the revised Enterprise Risk Management program for the Group.
- (n) Reviewed and revised the related party transaction policy during the financial year end.
- (o) Quarterly reviewed and verified the related party transactions and conflicts of interest entered into by MCT Bhd and its subsidiaries and recommendation on the same to the Board of Directors.

The Board is satisfied that the ARMC and its members have carried out their responsibilities and duties in accordance with the ARMC’s TOR.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Company has an in-house Internal Audit Department (“IAD”) led by a qualified and experienced Senior Manager with two (2) assistants to carry out its appraisal function independently from the Management, with the Head of Internal Audit who directly report to the ARMC. The function of the IAD is to assist the ARMC, Board and Management in discharging their governance responsibility, to provide the assurance on the adequacy and effectiveness of the internal control systems, risks management and recommending improvements to add value to the Group’s operational efficiency.

The Board has put in place an Internal Audit Charter recommended by the ARMC as a guide to the IAD in its objectives and scope of authority. The internal audit function fully abides by the provisions of its charter.

During the financial year, the Company outsourced its Risk Management function to an independent consulting firm, Axcelasia Columbus Sdn Bhd (“Axcelasia”), following the resignation of the Senior Risk Management Manager. The role of the external Risk Management is to enhance the Enterprise Risk Management Framework of the Group to facilitate systematic application of risk management practices and reporting on risk management results effectively. Axcelasia has reviewed the existing Enterprise Risk Management Framework and Policy adopted by the Group and proposed a revised Enterprise Risk Management Program, which was reviewed by the ARMC and has been approved by the Board.

The activities undertaken by the IAD during the financial year under review included the following:

- (i) assisted the Management in outsourcing the risk management function and whistleblowing function;
- (ii) assisted the ARMC in reviewing the fairness of related party transactions;
- (iii) carried out two (2) fraud investigations and reported the findings to the Management as well as the ARMC for necessary action;
- (iv) prepared a risk-based annual internal audit plan for the review and approval of the ARMC;
- (v) reviewed the management of real estate commissions, site equipment, transportation charges for delivery of ready mixed concrete and petty cash funds as well as the operations of Dengkil casting yard and the IT Department. Reported findings from the reviews to the Management and the ARMC for the formulation and implementation of effective action plans; and
- (vi) reviewed the implementation status of agreed action plans mentioned in previous reports.

The total cost incurred for the internal audit function of the Group for the financial year under review was approximately RM495,00.00.

This ARMC Report is made in accordance with the resolution of the Board dated 2 October 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors have the responsibility to prepare financial statements for each financial year. Under the Companies Act, 2016, the Directors are required to prepare the financial statements in accordance with applicable approved accounting standards which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the financial results and cash flows of the Group and the Company for that year then ended.

In preparing the financial statements for the financial year ended 30 June 2017, the Directors have:

- (a) adopted appropriate accounting policies and applied them consistently;
- (b) made judgements and estimates that are reasonable and prudent; and
- (c) prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records which disclose with reasonable accuracy the financial position of the Group and the Company. These financial records are used to ensure that the financial statements comply with the provision of the Companies Act, 2016 and the applicable approved accounting standards in Malaysia.

The Directors are responsible for taking such steps as are reasonably open to them to preserve the interests of stakeholders and to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors of MCT BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiaries are as disclosed in Note 16 to the Financial Statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit/(Loss) before tax	93,732,137	(652,821)
Income tax expense	(30,074,389)	-
Profit/(Loss) for the year	63,657,748	(652,821)
Profit/(Loss) attributable to:		
Equity holders of the Company	63,659,928	(652,821)
Non-controlling interests	(2,180)	-
	63,657,748	(652,821)

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

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

No contingent 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

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

DIRECTORS' REPORT

DIRECTORS

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

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
Tan Sri Dato' Sri Goh Ming Choon
Dato' Sri Tong Seech Wi
Datuk Lim Kok Boon
Bernard Vincent Olmedo Dy
Anna Maria Margarita Bautista Dy
Tan Sri Dato' Hj Abd Karim Bin Shaikh Munisar
Jose Juan Z. Jugo (appointed on 20.1.2017)
Lao Chok Keang (appointed on 24.2.2017)
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng (resigned on 1.1.2017)

DIRECTORS' INTERESTS

The interests in shares in the Company at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Number of ordinary shares of RM1.00* each			
	As at 1.7.2016	Additions	Sold	As at 30.6.2017
Share in the Company				
Registered in the name of the directors				
Tan Sri Dato' Sri Goh Ming Choon	363,633,454	3,100	-	363,636,554
Dato' Sri Tong Seech Wi	195,587,244	248,000	-	195,835,244
Datuk Lim Kok Boon	372,625	-	-	372,625

* Upon the effective date of the Companies Act, 2016 as at 31 January 2017, the ordinary shares do not have any par value.

By virtue of the above directors' interest in the shares of the Company, the abovementioned directors are also deemed to have an interest in the shares of all the subsidiaries to the extent that the Company has interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporation during or at the beginning and end of the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by directors as disclosed in 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 he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and its related companies and certain companies in which certain directors of the Company and/or its subsidiaries or persons connected with such directors have interests as disclosed in Note 37 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains directors' liability insurance for purpose of Section 289 of the Companies Act, 2016, throughout the year, which provide appropriate insurance cover for the directors of the Company. The amount of insurance premium paid during the year amounted to RM66,154.

AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the financial year ended 30 June 2017 is as disclosed in Note 9 to the Financial Statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

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

DATO' SRI TONG SEECH WI

JOSE JUAN Z. JUGO

Subang Jaya,
12 October 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCT BERHAD

INCORPORATED IN MALAYSIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **MCT BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 30 June 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 75 to 136.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCT BERHAD

Key Audit Matters	How the matter was addressed in the audit
<p>Revenue and cost from property development and construction contracts</p> <p>The Group recognises contract revenue and cost in profit or loss by using the stage of completion method which is determined by using the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.</p> <p>Significant judgement is required in estimating the stage of completion and assessing the estimated costs to completion, as well as the recoverability of the contracts.</p> <p>In estimating the total costs to completion, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies. The total cost to completion including sub-contractor costs, can vary with market conditions and may also be differently forecasted due to unforeseen events during construction.</p> <p>The key sources of estimation of revenue and cost from property development and construction contracts are as disclosed in Note 4 to the Financial Statements.</p>	<p>We have performed the following:</p> <ul style="list-style-type: none"> • Evaluated management's judgement and estimation relating to revenue recognition including the determination of the percentage of completion and timing of revenue recognition; • Assessed the competency of the personnel in relation to approvals over budgets setting and authorising and recording of costs; • Tested a sample of invoices and goods received notes throughout the financial year to ascertain the actual cost incurred; • Assessed management's estimate on budgeted costs to be incurred, including review of actual costs incurred against budgeted costs; • Recomputed stage of completion determined by management for revenue recognition based on actual costs incurred to-date and budgeted costs; and • Assessed estimated total costs to completion through enquiries with operational and financial personnel of the Group and tested a sample of supporting documents.
<p>Impairment of property, plant and equipment</p> <p>The carrying amount of the Group's property, plant and equipment amounted to RM280 million and this represented 42% of the Group's total non-current assets at 30 June 2017.</p> <p>Following a review of the business and the Group's operating plans, management has assessed that there are indicators of impairment on the utilities provider's segment and performed an assessment on the carrying amount of the property, plant and equipment. External valuer was being appointed to assess the recoverable amount of the said property, plant and equipment. As a results, the Group recognises an impairment loss of RM13.6 million. The details of the impairment are disclosed in Note 13 to the Financial Statements.</p> <p>The key sources of estimation uncertainty on impairment and details of property, plant and equipment are disclosed in Note 4 to the Financial Statements.</p>	<p>We have performed the following:</p> <ul style="list-style-type: none"> • Assessed objectivity, competency and professional qualification of the external valuer; • Considered appropriateness of the valuation techniques used by the external valuer by understanding the valuation methodology and basis used by the valuer, which include the use of depreciation replacement cost approach, condition, location and characteristic via discussion with the valuer; • Evaluated whether the significant inputs and assumptions used in the valuation report were reasonable; and • Performed a sensitivity analysis, to assess the impact of the most significant inputs into the valuation report on any potential impairment.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCT BERHAD

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCT BERHAD

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 on page 137 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 contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

HUANG KHEAN YEONG
Partner - 2993/05/18 (J)
Chartered Accountant

12 October 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	5	622,968,515	654,908,265	-	-
Cost of sales	6	(408,740,611)	(390,353,153)	-	-
Gross profit		214,227,904	264,555,112	-	-
Other income		19,186,290	6,689,610	2,555	1,015
Selling and marketing expenses		(20,419,429)	(29,392,519)	-	-
Direct operating and general administrative expenses	7	(115,000,321)	(115,582,113)	(655,376)	(1,058,680)
Finance costs	8	(4,262,307)	(6,974,852)	-	-
Profit/(Loss) before tax	9	93,732,137	119,295,238	(652,821)	(1,057,665)
Income tax expense	11	(30,074,389)	(41,926,934)	-	-
Profit/(Loss) for the year		63,657,748	77,368,304	(652,821)	(1,057,665)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		63,657,748	77,368,304	(652,821)	(1,057,665)
Attributable to:					
Equity holders of the Company		63,659,928	77,367,366	(652,821)	(1,057,665)
Non-controlling interests		(2,180)	938	-	-
		63,657,748	77,368,304	(652,821)	(1,057,665)
Earnings per ordinary share attributable to owners of the Company (sen)					
Basic	12 (a)	4.77	5.80		
Diluted	12 (b)	4.75	5.71		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2017

	Note	The Group		The Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	280,048,791	282,570,559	-	-
Investment properties	14	333,102,073	275,063,363	-	-
Land held for property development	15	52,529,675	42,362,554	-	-
Investment in subsidiaries	16	-	-	1,154,639,226	1,154,639,226
Available-for-sale investments	17	250,896	244,113	-	-
Goodwill on consolidation	18	-	-	-	-
Total Non-Current Assets		665,931,435	600,240,589	1,154,639,226	1,154,639,226
Current Assets					
Inventories – at cost	19	2,718,032	307,371	-	-
Property development costs	20	194,209,885	225,811,894	-	-
Accrued billings		262,000,226	149,573,716	-	-
Amount due from contract customers	21	-	-	-	-
Trade receivables	22	40,817,863	373,277,352	-	-
Other receivables and prepaid expenses	23	53,481,084	51,149,195	59,148	59,540
Amount owing by subsidiaries	24	-	-	388,296,514	388,451,727
Tax recoverable		33,234,663	13,401,533	-	-
Deposits with licensed banks		45,672,259	42,369,946	38,802	38,335
Cash and bank balances		42,534,045	50,921,675	67,739	390,458
Total Current Assets		674,668,057	906,812,682	388,462,203	388,940,060
Total Assets		1,340,599,492	1,507,053,271	1,543,101,429	1,543,579,286

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2017

	Note	The Group		The Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	26	1,418,874,068	1,334,777,114	1,418,874,068	1,334,777,114
ICULS	27	122,218,357	122,218,357	122,218,357	122,218,357
Reserves	28	(1,062,626,723)	(978,529,769)	-	84,096,954
Retained earnings	29	304,553,949	240,894,021	1,580,477	2,233,298
		783,019,651	719,359,723	1,542,672,902	1,543,325,723
Non-controlling interests		1,492,265	1,494,445	-	-
Total Equity		784,511,916	720,854,168	1,542,672,902	1,543,325,723
Non-Current Liabilities					
Borrowings	30	174,874,334	167,785,294	-	-
Hire-purchase payables	31	3,625,611	6,181,701	-	-
Deferred tax liabilities	32	3,573,759	3,364,093	-	-
Total Non-Current Liabilities		182,073,704	177,331,088	-	-
Current Liabilities					
Progress billings		-	104,130,835	-	-
Amount due to contract customers	21	-	-	-	-
Trade payables	33	137,196,255	321,290,547	-	-
Other payables and accrued expenses	34	166,265,241	155,600,961	428,527	253,563
Borrowings	30	62,743,919	11,302,965	-	-
Hire-purchase payables	31	2,616,843	3,146,648	-	-
Tax liabilities		5,191,614	13,396,059	-	-
Total Current Liabilities		374,013,872	608,868,015	428,527	253,563
Total Equity and Liabilities		1,340,599,492	1,507,053,271	1,543,101,429	1,543,579,286

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

The Group	Note	Share capital RM	ICULS RM	Non-distributable reserves			Distributable reserve		Attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
				Share premium RM	Reverse acquisition reserve RM	Retained earnings RM					
As of 1 July 2015		1,334,777,114	122,218,357	84,096,954	(1,062,626,723)	190,222,197		668,687,899	2,819,599	671,507,498	
Adjustment		-	-	-	-	-	-	-	(1,326,092)	(1,326,092)	
Dividends paid	35	-	-	-	-	(26,695,542)	-	(26,695,542)	-	(26,695,542)	
Total comprehensive income for the year		-	-	-	-	77,367,366	77,367,366	77,367,366	938	77,368,304	
As at 30 June 2016		1,334,777,114	122,218,357	84,096,954	(1,062,626,723)	240,894,021	719,359,723	719,359,723	1,494,445	720,854,168	
As at 1 July 2016		1,334,777,114	122,218,357	84,096,954	(1,062,626,723)	240,894,021	719,359,723	719,359,723	1,494,445	720,854,168	
Transfer arising from "no-par-value" regime	26	84,096,954	-	(84,096,954)	-	-	-	-	-	-	
Total comprehensive income/(loss) for the year		-	-	-	-	63,659,928	63,659,928	63,659,928	(2,180)	63,657,748	
As at 30 June 2017		1,418,874,068	122,218,357	-	(1,062,626,723)	304,553,949	783,019,651	783,019,651	1,492,265	784,511,916	

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

The Company	Note	Non-distributable reserves			Distributable reserve		Total equity
		Share capital	ICULS	Share premium	Retained earnings	RM	
		RM	RM	RM	RM	RM	RM
As of 1 July 2015		1,334,777,114	122,218,357	84,096,954	29,986,505	1,571,078,930	
Dividends paid	35	-	-	-	(26,695,542)	(26,695,542)	
Total comprehensive loss for the year		-	-	-	(1,057,665)	(1,057,665)	
As at 30 June 2016		1,334,777,114	122,218,357	84,096,954	2,233,298	1,543,325,723	
As at 1 July 2016		1,334,777,114	122,218,357	84,096,954	2,233,298	1,543,325,723	
Transfer arising from "no-par-value" regime	26	84,096,954	-	(84,096,954)	-	-	
Total comprehensive loss for the year		-	-	-	(652,821)	(652,821)	
As at 30 June 2017		1,418,874,068	122,218,357	-	1,580,477	1,542,672,902	

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit/(Loss) before tax	93,732,137	119,295,238	(652,821)	(1,057,665)
Adjustments for:				
Depreciation of:				
Property, plant and equipment	17,018,367	14,677,367	-	-
Investment properties	645,977	645,977	-	-
Provision for rebates	13,745,927	4,402,586	-	-
Impairment loss of property, plant and equipment	13,615,506	-	-	-
Finance costs	4,262,307	6,974,852	-	-
Allowance for doubtful debts:				
Trade receivables	1,641,638	3,310,858	-	-
Other receivables	90,109	-	-	-
Property, plant and equipment written off	1,391,841	187	-	-
Bad debts written off:				
Trade receivables	571,615	824,805	-	-
Other receivables	20,410	-	-	-
Loss on disposal of property, plant and equipment	36,867	1,218,976	-	-
Inventories written off	322	-	-	-
Grant income received from Government of Malaysia	(14,906,257)	-	-	-
Interest income	(2,338,746)	(4,346,679)	(2,555)	(1,015)
Unrealised (gain)/loss on foreign exchange	(186,010)	335,087	-	-
Bargain purchase gain from acquisition of a subsidiary	-	(264,074)	-	-
Operating Profit/(Loss) Before Working Capital Changes	129,342,010	147,075,180	(655,376)	(1,058,680)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
(Increase)/Decrease in:				
Inventories	(2,410,983)	136,117	-	-
Property development costs	45,835,062	(56,650,817)	-	-
Accrued billings	(112,426,510)	(37,642,379)	-	-
Amount due from contract customers	-	737,823	-	-
Trade receivables	330,270,843	(338,753,030)	-	-
Other receivables and prepaid expenses	(2,442,408)	(34,022,741)	392	(50,128)
Increase/(Decrease) in:				
Progress billings	(104,130,835)	103,991,606	-	-
Amount due to contract customers	-	(12,776,046)	-	-
Trade payables	(183,908,282)	125,379,625	-	-
Other payables and accrued expenses	(3,106,254)	38,645,313	174,964	(137,797)
Cash Generated From/(Used In) Operations	97,022,643	(63,879,349)	(480,020)	(1,246,605)
Tax paid	(57,902,298)	(73,102,197)	-	-
Net Cash From/(Used In) Operating Activities	39,120,345	(136,981,546)	(480,020)	(1,246,605)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	3,801,595	1,719,024	-	-
Interest received	2,338,746	4,346,679	2,555	1,015
Additions to:				
Investment properties	(58,684,687)	(101,810,164)	-	-
Property, plant and equipment (Note)	(33,342,408)	(47,790,317)	-	-
Land held for property development	(253,718)	(6,726,767)	-	-
(Increase)/Decrease in:				
Fixed deposits pledged with licensed banks	(27,854,215)	(1,397,821)	-	-
Fixed deposits with maturity period more than 90 days	(389,144)	-	-	-
Available-for-sale investments	(6,783)	(6,152)	-	-
Amount owing by subsidiaries	-	-	155,213	25,771,098
Net cash outflow from acquisition of a subsidiary (Note 16)	-	(488,252)	-	-
Net Cash (Used In)/From Investing Activities	(114,390,614)	(152,153,770)	157,768	25,772,113

**STATEMENTS
OF CASH FLOWS**
FOR THE YEAR ENDED 30 JUNE 2017

	Note	The Group		The Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Drawdown of term loans		369,261,480	61,116,810	-	-
Proceed from bank borrowings		4,059,556	-	-	-
Repayment of:					
Term loans		(314,669,313)	(91,340,169)	-	-
Hire-purchase payables		(3,085,895)	(3,733,470)	-	-
Dividends paid		-	(26,695,542)	-	(26,695,542)
Finance costs paid		(28,530,492)	(20,665,816)	-	-
Proceed from grant income received from Government of Malaysia		14,906,257	-	-	-
Net Cash From/(Used In) Financing Activities		41,941,593	(81,318,187)	-	(26,695,542)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(33,328,676)	(370,453,503)	(322,252)	(2,170,034)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		75,902,596	446,356,099	428,793	2,598,827
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	42,573,920	75,902,596	106,541	428,793

Note: During the financial year, the Group acquired property, plant and equipment by the following means:

	The Group	
	2017	2016
	RM	RM
Cash purchase	33,342,408	47,790,317
Hire-purchase financing	-	2,788,000
	33,342,408	50,578,317

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL 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 principal activity of the Company is investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiaries are as disclosed in Note 16.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at Ground Floor, MCT Tower, One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 12 October 2017.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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.

Malaysian Financial Reporting Standards (“MFRS Framework”)

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

Transitioning Entities, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were given a transitional period of two years, which allowed these entities an option to continue with the FRS Framework. Following an announcement by the MASB on 7 August 2013, the transitional period for Transitioning Entities had been extended for an additional year.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 First-time adoption of Malaysian Financial Reporting Standards in its financial statements for the financial year ending 30 June 2019, being the first set of financial statements prepared in accordance with the new MFRS Framework.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group’s first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the FRS and amendments to FRSs issued by the MASB effective for annual periods beginning on or after 1 January 2016 as follows:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Annual Improvements to FRSs 2012 - 2014 cycle	

The adoption of these FRS and amendments to FRSs has not affected the amounts reported on the financial statements of the Group and of the Company in the current and previous financial year.

Standards and Amendments in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

FRS 9	Financial Instruments ²
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to FRS 107	Disclosure Initiative ¹
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Annual Improvements to FRSs 2014 - 2016 cycle ¹	

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual period beginning on or after 1 January 2018, with early application permitted. In addition, an entity may elect to early apply on the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss for annual periods beginning before 1 January 2018, as stated in paragraph 71.2 of FRS 9.

³ Effective date deferred to a date to be determined and announced, with earlier application permitted.

The directors anticipate that the abovementioned FRSs and amendments to FRSs will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these FRSs and amendments to FRSs may have material impact on the financial statements of the Group and the Company in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effect until the Group and the Company undertake a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transactions that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 *Inventories* or value in use in FRS 136 *Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies adopted are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing the control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation (Continued)

Where the Group loses control of a subsidiary, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with FRS 139 *Financial Instruments: Recognition and Measurement* or FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Combinations (Continued)

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment in Subsidiaries

In the Company's separate financial statements, investment in subsidiaries are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods or services in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Property development revenue

Revenue from property development projects is accounted for using the percentage of completion method where the outcome of the development can be reliably estimated and is in respect of sales where agreements have been finalised by the end of the reporting period. The percentage of completion is measured by reference to the costs incurred to date compared to the estimated total costs of the development.

(ii) Sale of completed properties

Revenue from sale of completed properties is recognised upon the finalisation of sale and purchase agreements by the end of the reporting period and when the risks and rewards of ownership have passed to the customers.

(iii) Revenue from construction contracts

Revenue is recognised based on the stage of completion of individual projects. The stage of completion is determined by the proportion of contract costs incurred to date against the total estimated costs on project where the outcome of the project can be reliably estimated. All anticipated losses on contract projects are fully provided for.

(iv) Other revenue

Other revenue earned by the Group are recognised on the following basis:

Leasing income	- Leasing income is recognised on a straight line basis over the terms of the relevant lease agreements.
Car park income	- Car park income is recognised as and when the services are performed.
Utility services income	- Utility services income is recognised upon rendering of services.
Revenue from sale of cinema tickets	- Revenue from sale of cinema tickets is recognised upon delivery of services.
Revenue from hotel operations	- Revenue from hotel operations is recognised upon delivery of services.
Revenue from fitness centre	- Revenue represents income earned from the sale of fitness club memberships and associated joining fees. All income is recognised on an accrual basis over the membership period apart from income relating to joining fees which is recognised immediately.

(v) Interest income

Interest income is recognised by calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(vi) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases.

(i) The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of the financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of each group entity are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Company and each group entity operate (their functional currency).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences for 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 leave are recognised when the absences occur.

(ii) Defined contribution plan

The Group is required by law to make monthly contributions to the Employees Provident Fund (“EPF”), a statutory defined contribution plan, for all its eligible employees based on certain prescribed rates of the employees’ salaries. The Group’s contributions to EPF are disclosed separately. The employees’ contributions to EPF are included in staff costs.

Taxation

Income tax expense for the year comprises current and deferred tax.

(i) Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profits for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the statements of profit or loss and other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Property, plant and equipment under construction are not depreciated.

Leasehold land is amortised over the lease period.

Depreciation of other property, plant and equipment is computed on the straight-line method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Office equipment	12.5%
Furniture and fittings	10.0 - 12.5%
Computer equipment	20.0 - 33.3%
Plant and machinery	3.3 - 10.0%
Construction equipment	12.5 - 20.0%
Tools and equipment	12.5%
Motor vehicles	20.0%
Renovation	10.0%
Buildings	2.0%

The residual values, estimated useful lives and depreciation method of the property, plant and equipment are reviewed at the end of each reporting period and, if expectations differ from previous estimates, the changes will be accounted for prospectively as a change in accounting estimate.

Assets Acquired Under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Assets held under hire-purchase arrangement are depreciated over their expected useful lives on the same basis as owned assets.

Investment Properties

Investment properties, comprising certain freehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties under construction are not depreciated. Investment properties are stated at cost less accumulated depreciation and any impairment losses. Investment properties are depreciated on the straight-line method at an annual rate of 2%.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Development Activities

(i) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less any impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(ii) Property development costs

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

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that are probable of recovery.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

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

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as accrued billings within current assets. Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings within current liabilities.

Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probable of recovery. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as an allowance for foreseeable loss.

Amount due from contract customers represents the excess of cost incurred to-date and portion of profit or loss attributable to work performed to-date over progress billings while amount due to contract customers represents the excess of progress billings over cost incurred to-date and portion of profit or loss attributable to work performed to-date.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill on Consolidation

Goodwill is identified as any excess of the consideration paid over Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Where the consideration is lower than the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is recognised as negative goodwill. Negative goodwill is recognised immediately in profit or loss.

Goodwill acquired is allocated to the cash-generating units ("CGU") expected to benefit from the acquisition synergies. An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each assets in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

Impairment of Non-Financial Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Borrowing Costs

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

The amount of borrowing costs eligible for capitalisation is determined based on actual interest incurred on borrowings made specifically for the purpose of obtaining a qualifying asset and less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as finance costs in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligations, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the amount required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, the provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligations.

Segment Reporting

For management purposes, the Group is organised into operating segments that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

(i) Financial Assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

(c) AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investment or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

(i) Financial Assets (Continued)

(c) AFS financial assets (Continued)

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(e) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

(i) Financial Assets (Continued)

(f) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Irredeemable Convertible Unsecured Loan Stocks ("ICULS") which were issued after the effective date of FRS 132: *Financial Instruments: Disclosure and Presentation*, are regarded as compound instruments, consisting of an equity component and a liability component.

ICULS which have a zero coupon rate are considered to have only the equity component, as there is no obligation for payment of interest, principal or for re-purchase.

(b) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*; or
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

(c) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

(ii) Financial Liabilities and Equity Instruments (Continued)

(c) Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

(d) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

(e) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, Group's obligations are discharged, cancelled or they expire.

The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

Cash and Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value, against which bank overdrafts, if any are deducted.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, except for the following:

(a) Property development revenue

The Group recognised property development revenue based on the percentage of completion method. The percentage of completion is measured by reference to the property development costs incurred to date to the estimated total costs for the property development. The percentage of completion method requires the Group to make reasonably dependable estimates of progress towards completion of property development projects and costs in determining the percentage of completion, and the recoverability of development projects. In making the estimate, management relied on opinion/service of experts, past experience and a continuous monitoring mechanism.

(b) Revenue from construction contracts

The Group recognises revenue and costs in the profit or loss using the stage of completion method. The stage of completion is determined by the proportion of contract costs incurred to date against the total estimated costs on project where the outcome of the project can be reliably estimated. Judgements are required in determining the stage of completion, the estimated total contract revenue and costs, as well as the recoverability of the contracts.

(c) Depreciation of property, plant and equipment and investment properties

Except for property, plant and equipment and investment properties under construction, the costs of property, plant and equipment are depreciated on a straight-line basis over the assets' useful lives.

The Group reviews the remaining useful lives of property, plant and equipment and investment properties at the end of each reporting period and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment and investment properties may result in revision of future depreciation charges.

(d) Impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of the recoverable amount of the property, plant and equipment. During current financial year, the Group recognised an impairment loss of RM13.6 million for chiller plants based on a valuation report performed by a third party independent valuer.

Information about the valuation techniques and inputs used to determine the recoverable amount of the property, plant and equipment are disclosed in Note 13.

(e) Contingent liabilities

As mentioned in Note 39(b), during current financial year, Lakefront Residence Sdn. Bhd. ("LRSB"), a wholly-owned subsidiary of the Company, received a notification from Royal Malaysia Customs Department ("RMCD") requiring LRSB to charge RM21 million Goods and Services Output Tax to PRIMA and subsequently remit the said amount to RMCD.

Recognition and measurement for contingent liabilities are based on the assessment of the expected outcome from information currently available.

No provision for liability has been made by the Group as the directors are of the opinion that with information currently available and the advice of tax consultant, the ultimate outcome of the GST assessment is yet to be determinable and that LRSB has a basis to defend the said GST assessment.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

	The Group	
	2017	2016
	RM	RM
Property development revenue	577,557,438	591,934,426
Leasing, car park, utility services, sale of cinema tickets, hotel operations and fitness centre	44,795,640	53,138,050
Contract revenue	615,437	9,835,789
	622,968,515	654,908,265

6. COST OF SALES

	The Group	
	2017	2016
	RM	RM
Property development costs	377,040,855	330,587,150
Leasing, car park, utility services, sale of cinema tickets, hotel operations and fitness centre	30,539,247	44,803,444
Contract costs	1,160,509	14,962,559
	408,740,611	390,353,153

7. DIRECT OPERATING AND GENERAL ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Direct operating expenses	45,767,373	30,768,323	-	-
General administrative expenses	69,232,948	84,813,790	655,376	1,058,680
	115,000,321	115,582,113	655,376	1,058,680

8. FINANCE COSTS

	The Group	
	2017	2016
	RM	RM
Interest expense on:		
Term loans	2,916,324	3,235,940
Hire-purchases	472,662	632,788
Bank guarantees	829,477	3,039,428
Bank overdrafts	43,844	66,696
	4,262,307	6,974,852

NOTES TO THE FINANCIAL STATEMENTS

9. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after the following charges/(credits):

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Staff costs	59,148,348	77,396,176	-	-
Depreciation of:				
Property, plant and equipment	17,018,367	14,677,367	-	-
Investment properties	645,977	645,977	-	-
Provision for rebates	13,745,927	4,402,586	-	-
Impairment loss on property, plant and equipment (Note 13(c))	13,615,506	-	-	-
Developer interest bearing scheme	11,393,957	12,364,706	-	-
Directors' remunerations (Note 10)	3,502,953	4,796,763	453,419	428,667
Rental of:				
Premises	2,321,997	3,251,052	-	-
Equipment	378,387	418,475	-	-
Allowance for doubtful debts:				
Trade receivables	1,641,638	3,310,858	-	-
Other receivables	90,109	-	-	-
Property, plant and equipment written off	1,391,841	187	-	-
Bad debts written off:				
Trade receivables	571,615	824,805	-	-
Other receivables	20,410	-	-	-
Auditors' remunerations:				
Statutory audit	374,600	329,000	50,000	50,000
Others	30,000	35,500	5,000	5,000
Realised loss on foreign exchange	233,882	1,090,901	-	-
Loss on disposal of property, plant and equipment	36,867	1,218,976	-	-
Inventories written off	322	-	-	-
Grant income received from Government of Malaysia	(14,906,257)	-	-	-
Interest income	(2,338,746)	(4,346,679)	(2,555)	(1,015)
Rental income	(330,361)	(90,739)	-	-
Unrealised (gain)/loss on foreign exchange	(186,010)	335,087	-	-
Bargain purchase gain from acquisition of a subsidiary (Note 16)	-	(264,074)	-	-

Staff costs include salaries, contributions to defined contribution plans and all other staff related expenses. Contributions to approved provident funds by the Group during the year amounted to RM6,404,159 (2016: RM8,182,143).

The grant income received from Government of Malaysia during current financial year pertaining to infrastructure work done for a public road adjacent to one of the Group's project sites under the Prime Minister's Department Unit Kerjasama Awam Swasta ("UKAS") program.

NOTES TO THE FINANCIAL STATEMENTS

10. DIRECTORS' REMUNERATIONS

Directors' remunerations charged to profit or loss for the financial year are as follows:

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Fees:				
Non-executive directors	425,419	399,667	425,419	399,667
Salaries and other emoluments:				
Executive directors	3,049,534	4,368,096	-	-
Non-executive directors	28,000	29,000	28,000	29,000
	3,502,953	4,796,763	453,419	428,667

The estimated monetary value of benefits-in-kind received by the directors of the Group are RM81,377 (2016: RM 95,228) and of the Company are RM70,277 (2016: RM95,228).

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

	The Group	
	2017	2016
Executive directors		
RM50,000 and below	-	-
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM500,000	2	-
RM500,001 - RM1,000,000	1	-
RM1,000,001 and above	1	3
	4	3
Non-Executive directors		
RM50,000 and below	4	2
RM50,001 - RM100,000	4	2
RM100,001 - RM150,000	1	2
	9	6
	13	9

NOTES TO THE FINANCIAL STATEMENTS

11. INCOME TAX EXPENSE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Estimated tax payable:				
Current year	27,525,866	40,655,725	-	-
Under/(Over) provision in prior years	2,338,857	(239,123)	-	-
	29,864,723	40,416,602	-	-
Deferred tax (Note 32):				
Current year	213,479	1,099,465	-	-
(Over)/Under provision in prior years	(3,813)	410,867	-	-
	209,666	1,510,332	-	-
	30,074,389	41,926,934	-	-

A numerical reconciliation of income tax expense applicable to profit/(loss) before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Profit/(Loss) before tax	93,732,137	119,295,238	(652,821)	(1,057,665)
Tax at applicable statutory tax rate of 24%	22,495,713	28,630,857	(156,677)	(253,840)
Tax effects of:				
Non-deductible expenses	9,657,055	2,566,917	156,677	253,840
Non-taxable income	(4,900,725)	(571,919)	-	-
Intercompany profits taxable at subsidiary level	3,362,905	9,356,199	-	-
Differential in tax rate applied	(2,104,963)	-	-	-
Deferred tax assets not recognised	1,645,871	1,894,333	-	-
Realisation of deferred tax assets previously not recognised	(2,416,511)	(121,197)	-	-
Under/(Over) provision in prior years:				
Current tax	2,338,857	(239,123)	-	-
Deferred tax	(3,813)	410,867	-	-
	30,074,389	41,926,934	-	-

NOTES TO THE FINANCIAL STATEMENTS

11. INCOME TAX EXPENSE (CONTINUED)

On 10 April 2017, the Income Tax (Exemption) (No. 2) Order 2017 (“the Order”) gazetted enacts the reduction of corporate income tax rate on the incremental chargeable income. The Order is applicable for years of assessment 2017 and 2018. Accordingly, for certain subsidiaries, the income tax statutory tax rate of 20% applies to the chargeable income.

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As at 30 June 2017, the estimated amount of deductible temporary differences, unused tax losses and unused tax credits, for which the deferred tax assets have not recognised in the financial statements due to uncertainty of their realisation, are as follows:

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Temporary differences arising from:				
Other receivables and prepaid expenses	-	288,000	-	-
Other payables and accrued expenses	-	18,000	-	-
Unabsorbed capital allowances	22,474,000	11,686,000	-	-
Unused tax losses	43,853,000	57,546,000	-	-
	66,327,000	69,538,000	-	-

The availability of unused tax losses and unabsorbed capital allowances for offsetting future taxable profits is subject to the agreement with the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

12. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per share

The earnings per ordinary share of the Group has been calculated by dividing profit for the year attributable to owners of the Company by the number of ordinary shares in issue.

	The Group	
	2017	2016
	RM	RM
Profit attributable to owners of the Company	63,659,928	77,367,366
Number of ordinary shares in issue	1,334,777,114	1,334,777,114
Number of shares used in the calculation of basic earnings per share	1,334,777,114	1,334,777,114
Basic earnings per ordinary share (sen)	4.77	5.80

(b) Diluted earnings per share

The diluted earnings per share of the Group has been calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would have been issued upon full exercise of the ICULS (Note 27), adjusted by the number of such shares that would have been issued at fair value as follows:

	The Group	
	2017	2016
Profit attributable to owners of the Company	63,659,928	77,367,366
Number of shares used in the calculation of basic earnings per share	1,334,777,114	1,334,777,114
Shares deemed to be issued for consideration of RM1.00 each per share in respect of ICULS	4,451,584	21,244,830
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	1,339,228,698	1,356,021,944
Diluted earnings per ordinary share (sen)	4.75	5.71

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

The Group	Office equipment		Furniture and fittings		Computer equipment		Plant and machinery		Construction equipment		Tools and equipment		Motor vehicles		Renovation		Buildings		Leasehold land		Property, plant and equipment under construction		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost																								
As of 1 July 2015	1,197,718	11,605,932	5,057,578	92,304,450	9,477,456	2,847,225	7,471,778	1,101,100	140,928,402	-	182,924	-	-	-	-	-	-	-	-	-	-	182,924	272,174,563	
Additions	393,485	1,239,803	1,540,692	21,171,646	8,158,750	1,972,483	3,340,465	2,760,210	10,000,783	-	-	-	-	-	-	-	-	-	-	-	-	-	50,578,317	
Arising from acquisition of subsidiary (Note 16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,971,741	-	-	5,971,741	
Disposals	-	(1,636,074)	(18,310)	(1,097,408)	(162,280)	(31,288)	(453,495)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,398,855)	
Write offs	(199)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(199)	
Reclassification	(156,512)	156,512	182,924	(331,600)	368,450	(36,850)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(182,924)	-	-	
As of 30 June 2016/																								
1 July 2016	1,434,492	11,366,173	6,762,884	112,047,088	17,842,376	4,751,570	10,358,748	3,861,310	150,929,185	5,971,741	-	325,325,567	-	-	-	-	-	-	-	-	-	-	325,325,567	
Additions	70,991	782,683	507,978	22,879,272	700,104	2,105,162	15,033	6,281,185	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,342,408	
Disposals	-	(2,354,012)	(63,090)	(1,212,896)	(24,732)	-	(703,272)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,358,002)	
Write offs	(26,682)	(550,400)	(206,473)	-	-	(57,220)	-	(1,074,608)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,915,383)	
Reclassification	15,154	(318,151)	1,576	3,730,243	(1,728,451)	529	-	4,466	(1,705,366)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of 30 June 2017	1,493,955	8,926,293	7,002,875	137,443,707	16,789,297	6,800,041	9,670,509	9,072,353	149,223,819	5,971,741	-	352,394,590	-	-	-	-	-	-	-	-	-	-	-	352,394,590

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Office equipment	Furniture and fittings	Computer equipment	Plant and machinery	Construction equipment	Tools and equipment	Motor vehicles	Renovation	Buildings	Leasehold land	Property, plant and equipment under construction	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation												
As of 1 July 2015	560,580	660,808	2,169,552	15,065,835	3,312,445	794,691	3,421,281	38,925	2,514,391	-	-	28,538,508
Charge for the year	118,366	905,050	1,312,718	6,198,468	1,635,607	402,868	1,761,494	163,797	2,178,999	-	-	14,677,367
Disposals	-	(74,924)	(6,721)	(99,593)	(37,465)	(5,880)	(236,272)	-	-	-	-	(460,855)
Write offs	(12)	-	-	-	-	-	-	-	-	-	-	(12)
Reclassification	(48,022)	48,022	-	(4,193)	4,577	(384)	-	-	-	-	-	-
As of 30 June 2016/												
1 July 2016	630,912	1,538,956	3,475,549	21,160,517	4,915,164	1,191,295	4,946,503	202,722	4,693,390	-	-	42,755,008
Charge for the year	144,712	941,377	1,464,337	7,033,573	2,112,569	703,993	1,663,458	571,541	1,973,497	409,310	-	17,018,367
Disposals	-	(5,012)	(12,202)	(14,840)	(3,950)	-	(483,536)	-	-	-	-	(519,540)
Write offs	(6,521)	(145,569)	(109,942)	-	-	(17,808)	-	(243,702)	-	-	-	(523,542)
Reclassification	10,294	(14,618)	(7,518)	1,031,098	(990,688)	-	-	-	(28,568)	-	-	-
As of 30 June 2017	779,397	2,315,134	4,810,224	29,210,348	6,033,095	1,877,480	6,126,425	530,561	6,638,319	409,310	-	58,730,293

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Office equipment	Furniture and fittings	Computer equipment	Plant and machinery	Construction equipment	Tools and equipment	Motor vehicles	Renovation	Buildings	Leasehold land	Property, plant and equipment under construction	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated impairment												
As at 1 July 2015 and	-	-	-	-	-	-	-	-	-	-	-	-
30 June 2016/1 July 2016	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	13,615,506	-	-	-	-	-	-	-	13,615,506
As at 30 June 2017	-	-	-	13,615,506	-	-	-	-	-	-	-	13,615,506
Net Book Value												
As at 30 June 2017	714,558	6,611,159	2,192,651	94,617,853	10,756,202	4,922,561	3,544,084	8,541,792	142,585,500	5,562,431	-	280,048,791
As at 30 June 2016	803,580	9,827,217	3,287,335	90,886,571	12,927,212	3,560,275	5,412,245	3,658,588	146,235,795	5,971,741	-	282,570,559

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) At the end of the reporting period, the carrying amount of property, plant and equipment of the Group acquired under hire-purchase is RM8,388,339 (2016: RM10,384,979).
- (b) At the end of the reporting period, the net book value of property, plant and equipment totaling to RM77,217,431 (2016: RM80,610,119) are pledged to financial institutions as security for term loan facilities granted to the Group as disclosed in Note 30.
- (c) During the current financial year, an evaluation of the market values have been assessed to determine the recoverable amounts of the Group's property, plant and equipment under utilities provider segment. The recoverable amount is determined based on a valuation report performed by PA International Property Consultants (KL) Sdn. Bhd., an independent valuer using "Depreciation Replacement Cost Method", determined by no more than the cost of the modern logical replacement less physical deterioration and obsolescence at the condition of inspection and market condition.

The fair value hierarchy of the said recoverable amount is at Level 3. The significant inputs include the estimated cost of the modern logical replacement of approximately RM65 million and a depreciation factor applied to the estimated cost of 16% on first year and 7% in subsequent years. A 1% increase/decrease in the depreciation factor while holding all other variables constant would be decrease/increase in the recoverable amount by RM2.1 million.

This review led to the recognition of an impairment loss of RM13,615,506 (Note 9) and has been recognised in profit or loss of the Group.

14. INVESTMENT PROPERTIES

	The Group	
	2017	2016
	RM	RM
Cost		
At beginning of year	275,709,340	173,899,176
Additions	58,684,687	101,810,164
At end of year	334,394,027	275,709,340
Accumulated depreciation		
At beginning of year	645,977	-
Charge for the year	645,977	645,977
At end of year	1,291,954	645,977
Net book value	333,102,073	275,063,363
Represented by:		
Freehold land and buildings	30,448,136	31,094,113
Freehold land and buildings under construction	302,653,937	243,969,250
	333,102,073	275,063,363

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT PROPERTIES (CONTINUED)

Rental income generated from the rental of investment properties of the Group during the financial year amounted to RM109,175 (2016: RMNil).

Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM298,412 (2016: RMNil).

The investment properties with carrying amount of RM333,102,073 (2016: RM275,063,363) have been pledged to financial institution as security for term loan facilities granted to the Group as disclosed in Note 30.

The fair value of investment properties (except those under construction) with carrying amount of RM30,448,136 (2016: RM31,094,113) amounted to RM33,615,000 (2016: RM35,689,106). The fair value is determined at Level 3 fair value hierarchy based on a valuation report performed by Knight Frank Malaysia Sdn. Bhd., an independent valuer, using "Comparison Approach" which was determined by previous sales of similar properties in the vicinity on a price per square feet basis. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

15. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2017	2016
	RM	RM
Cost		
At beginning of year	42,362,554	34,179,900
Additions	4,754,002	8,182,654
Reclassification from property development costs (Note 20)	5,413,119	-
At end of year	52,529,675	42,362,554
Represented by:		
Land cost	38,079,357	38,079,357
Development costs	14,450,318	4,283,197
At end of year	52,529,675	42,362,554

During the financial year, interest expense capitalised in land held for property development of the Group amounted to RM4,500,284 (2016: RM1,455,887).

The land held for property development with carrying amount of RM31,371,912 (2016: RM35,655,109) have been pledged to financial institution as security for term loan facilities granted to the Group as disclosed in Note 30.

16. INVESTMENT IN SUBSIDIARIES

	The Company	
	2017	2016
	RM	RM
Unquoted shares, at cost	1,154,639,226	1,154,639,226

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries, all incorporated in Malaysia, are as follows:

Name of companies	Proportion of ownership and voting power held by the Group		Principal activities
	2017	2016	
	%	%	
Direct subsidiary			
MCT Consortium Bhd.	100	100	Investment holding
Indirect subsidiaries			
Subsidiaries of MCT Consortium Bhd.			
Modular Construction Technology Sdn. Bhd.	100	100	Construction, providing civil engineering and electrical works, trading of construction materials and rental of plant and machinery.
MCT Homes Sdn. Bhd.	100	100	Provision of management services
MCT Construction Materials Sdn. Bhd.	100	100	Trading of construction materials
The Place Properties Sdn. Bhd.	100	100	Property development and management
USJ One Avenue Sdn. Bhd.	100	100	Previously involved in property development and investment in property and management services and currently dormant.
Subang Residency Sdn. Bhd.	100	100	Dormant
Ecity Hotel Sdn. Bhd.	100	100	Operating in hoteling, fitness center and cinema cum seminar facility
Undersea City Sdn. Bhd.	100	100	Property development
Solid Benefit Sdn. Bhd.	100	100	Property investment and property development
Eco Green City Sdn. Bhd.	100	100	Property development and construction
MCT Green Technology Sdn. Bhd.	100	100	Utilities services provider
Sky Park Properties Sdn. Bhd.	100	100	Property development

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries, all incorporated in Malaysia, are as follows: (Continued)

Name of companies	Proportion of ownership and voting power held by the Group		Principal activities
	2017	2016	
	%	%	
Lakefront Residence Sdn. Bhd.	100	100	Property development and construction
One City Development Sdn. Bhd.	100	100	Property development and investment
Cherish Properties Sdn. Bhd.	100	100	Investment holding
Ecolake Residence Sdn. Bhd.	100	100	Dormant
Leisure Event Sdn. Bhd.	100	100	Property investment
MCT Property Management Sdn. Bhd.	100	100	Property management
MCT Properties Sdn. Bhd.	100	100	Dormant
Premium Cinema Sdn. Bhd.	100	100	Dormant
Roaring Gain Sdn. Bhd.	100	100	Property investment
Skypark Fitness Sdn. Bhd.	100	100	Dormant
Solid Interest Sdn. Bhd.	100	100	Property investment and property development
Solid Recommendation Sdn. Bhd.	100	100	Property investment and property development
MCT Store Sdn. Bhd.	100	100	Dormant
Timeless Hectares Sdn. Bhd.	100	100	Property investment and property development
One Residence Sdn. Bhd.	100	100	Dormant
Next Delta Sdn. Bhd.	100	100	Dormant
SPCJ Green Tech Sdn. Bhd.	100	100	Dormant
Nexus Advertising Sdn. Bhd.	100	100	Property investment

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries, all incorporated in Malaysia, are as follows: (Continued)

Name of companies	Proportion of ownership and voting power held by the Group		Principal activities
	2017	2016	
	%	%	
Subsidiary of One City Development Sdn. Bhd.			
One City Properties Sdn. Bhd.	100	100	Property development, investment and management.
Subsidiary of Cherish Properties Sdn. Bhd.			
Vista Global Development Sdn. Bhd.	70	70	Property development and investment.

On 18 February 2016, the Group completed its acquisition of a 100% equity interest in Nexus Advertising Sdn. Bhd. for a total cash consideration of RM500,000. The said acquisition gave rise to a bargain purchase gain of RM264,074 which was recognised in the profit or loss of the Group.

The fair values of identifiable assets acquired and liabilities assumed at the dates of acquisition are as follows:

	Fair values 2016 RM
Property, plant and equipment (Note 13)	5,971,741
Trade receivables	63,000
Other receivables and prepaid expenses	887,385
Cash and bank balances	11,748
Borrowings	(3,351,162)
Other payables and accrued expenses	(72,904)
Amount due to director	(2,745,734)
Net assets acquired	764,074
Cash consideration paid to acquire subsidiary	(500,000)
Excess of fair value over purchase consideration credited to profit or loss (bargain purchase gain)	264,074
	264,074
Net cash outflow from acquisition:	
Cash and cash equivalents of subsidiary acquired	11,748
Total purchase consideration	(500,000)
Cash outflow on acquisition, net of cash acquired	(488,252)

NOTES TO THE FINANCIAL STATEMENTS

17. AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2017	2016
	RM	RM
Quoted investments at fair value	250,896	244,113

18. GOODWILL ON CONSOLIDATION

	The Group	
	2017	2016
	RM	RM
Goodwill on consolidation	3,272,290	3,272,290
Less: Accumulated impairment losses	(3,272,290)	(3,272,290)
Net	-	-

19. INVENTORIES

	The Group	
	2017	2016
	RM	RM
Raw materials	879,183	-
Finished goods	1,838,849	307,371
Net	2,718,032	307,371

The cost of inventories recognised as an expense during the year was RM41,251,252 (2016: RM17,309,008).

NOTES TO THE FINANCIAL STATEMENTS

20. PROPERTY DEVELOPMENT COSTS

	The Group	
	2017	2016
	RM	RM
At beginning of year:		
Land costs	215,585,369	210,476,075
Development costs	1,048,236,479	653,872,729
	1,263,821,848	864,348,804
Cost incurred during the year:		
Land costs	5,187,047	5,109,294
Development costs	345,664,918	394,363,750
	350,851,965	399,473,044
Costs recognised as expense in profit or loss during the year:		
Previous years	1,038,009,954	707,422,804
Current year	377,040,855	330,587,150
	(1,415,050,809)	(1,038,009,954)
Reclassification to land held for redevelopment (Note 15)	(5,413,119)	-
	194,209,885	225,811,894
At end of year:		
Land costs	95,402,078	38,519,464
Development costs	98,807,807	187,292,430
	194,209,885	225,811,894

During the financial year, interest expense capitalised in property development costs of the Group amounted to RM19,646,172 (2016: RM12,235,077).

Certain property development costs amounting to RM179,469,084 (2016: RM141,200,154) have been pledged to financial institution as security for term loan facilities granted to the Group as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

20. PROPERTY DEVELOPMENT COSTS (CONTINUED)

(i) On 2 February 2011, The Place Properties Sdn. Bhd. (“TPP”), an indirect subsidiary, entered into a Joint Venture Agreement (“JVA”) with Solid Interest Sdn. Bhd. (“SI”), then a related party, for the development of a parcel of freehold land (“TPP Development”). The salient features of the JVA are as follows:

(a) SI is entitled to a sum of RM10,000,000 or 10% of the development profit of the TPP Development, whichever is higher. Gross development profit refers to the profit before tax earned by TPP in relation to the TPP Development; and

(b) TPP would be entitled to all remaining profits after tax of the TPP Development, after deduction of the landowner’s entitlement.

(ii) On 23 February 2011, Sky Park Properties Sdn. Bhd. (“SPP”), an indirect subsidiary, entered into a Joint Venture Agreement (“JVA”) with Solid Recommendation Sdn. Bhd. (“SOR”), then a related party, for the development of a parcel of freehold land (“SPP Development”). The salient features of the JVA are as follows:

(a) SOR is entitled to a sum of RM42,694,926 or 10% of the development profit of the SPP Development, whichever is higher. Gross development profit refers to the profit before tax earned by SPP in relation to the SPP Development; and

(b) SPP would be entitled to all remaining profits after tax of the SPP Development, after deduction of the landowner’s entitlement.

On 30 August 2013, SPP entered into a Supplementary Joint Venture Agreement with SOR to revise the term (ii) (a) above to SOR is entitled to a sum of RM42,694,926 plus 10% of the development profit of the SPP Development, whichever is higher. Gross development profit refers to the profit before tax earned by SPP in relation to the SPP Development.

On 15 August 2016, SPP entered into another Supplementary Agreement with SOR to further revise the said term to SOR is entitled to a sum of RM43,160,000.

(iii) On 25 March 2011, Lakefront Residence Sdn. Bhd. (“LFR”), an indirect subsidiary, entered into a Joint Venture Agreement (“JVA”) with Timeless Hectares Sdn. Bhd. (“TH”), then a related party, for the development of a two parcel of freehold land (“LFR Development”). The salient features of the JVA are as follows:

(a) TH is entitled to a sum of RM78,208,437; and

(b) LFR would be entitled to all remaining profits after tax of the LFR Development, after deduction of the landowner’s entitlement.

SI, SOR and TH became wholly-owned indirect subsidiaries in 2015.

NOTES TO THE FINANCIAL STATEMENTS

21. AMOUNT DUE FROM/TO CONTRACT CUSTOMERS

	The Group	
	2017	2016
	RM	RM
Contract costs incurred to date	252,252,115	258,561,146
Add: Attributable profit	43,023,850	56,457,401
	295,275,965	315,018,547
Progress billings	(295,275,965)	(315,018,547)
Net	-	-
Consisting of:		
Amount due from contract customers	-	-
Amount due to contract customers	-	-
Net	-	-
Retention sums on contracts, included in trade payables (Note 33)	32,497,561	25,441,843

22. TRADE RECEIVABLES

	The Group	
	2017	2016
	RM	RM
Trade receivables	38,561,562	369,072,496
Retention sum	7,996,255	8,303,172
	46,557,817	377,375,668
Less: Allowance for doubtful debts	(5,739,954)	(4,098,316)
	40,817,863	373,277,352

Trade receivables are classified as loans and receivables and are therefore measured at amortised cost.

The credit period granted for the progress billings ranged from 14 to 45 days (2016: 14 to 45 days). Interest is charged on past due billings at interest rate of 8% per annum for commercial properties and 10% per annum for residential properties. Impairment losses are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The credit period granted by the Group for retention sum is 24 months (2016: 24 months).

The Group has trade receivables totalling RM22,421,936 (2016: RM332,828,056) that are past due at the end of the reporting period but against which the Group has not recognised allowance for doubtful debts as the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

22. TRADE RECEIVABLES (CONTINUED)

Concentration of credit risk with respect to trade receivables in current year is limited due to the Group's large number of customers, which are widely distributed and covers a broad range of end markets except for prior year where one customer accounted approximately 83% of the total amount outstanding.

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group	
	2017	2016
	RM	RM
Neither past due nor impaired	10,399,672	32,146,124
Past due but not impaired	22,421,936	332,828,056
Past due and impaired	5,739,954	4,098,316
	38,561,562	369,072,496
<u>Aging of past due but not impaired</u>		
Past due 1 to 30 days	3,255,496	10,229,881
Past due 31 to 60 days	1,455,702	27,128,575
Past due 61 to 90 days	2,512,682	24,067,067
Past due more than 90 days	15,198,056	271,402,533
	22,421,936	332,828,056
<u>Movement in the allowance for doubtful debts</u>		
At beginning of year	4,098,316	787,458
Allowance for the year	1,641,638	3,310,858
	5,739,954	4,098,316

23. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other receivables	39,238,783	29,629,767	-	-
Less: Allowance for doubtful debts	(90,109)	-	-	-
	39,148,674	29,629,767	-	-
Refundable deposits	9,755,222	9,212,412	-	50,000
Prepaid expenses	4,577,188	3,708,149	59,148	9,540
Advance payment for purchase of building materials	-	8,598,867	-	-
	53,481,084	51,149,195	59,148	59,540

NOTES TO THE FINANCIAL STATEMENTS

24. AMOUNT OWING BY SUBSIDIARIES

Amount owing by subsidiaries, which arose mainly from expenses paid on behalf and advances, are unsecured, interest-free and repayable on demand.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Fixed deposits with licensed banks	45,633,457	42,331,611	-	-
Investments in short-term funds	38,802	38,335	38,802	38,335
Deposits with licensed banks	45,672,259	42,369,946	38,802	38,335
Deposits under Housing Development Accounts	16,502,473	9,579,147	-	-
Cash on hand and in bank	26,031,572	41,342,528	67,739	390,458
Cash and bank balances	42,534,045	50,921,675	67,739	390,458
	88,206,304	93,291,621	106,541	428,793
Less: Fixed deposits pledged with licensed banks (Note 30)	(45,243,240)	(17,389,025)	-	-
Fixed deposits with maturity period more than 90 days	(389,144)	-	-	-
Cash and cash equivalents	42,573,920	75,902,596	106,541	428,793

Fixed deposits with licensed banks earn interest at rates ranging from 2.55% to 4.30% (2016: 2.55% to 4.30%) per annum and have maturity periods ranging from 30 to 365 days (2016: 30 to 365 days).

The investments in short-term funds are placements made in management funds that invest in fixed deposits and short-term money market instruments offered by banks or financial institutions which allow redemption with notice of one business day.

Deposits held under Housing Development Accounts are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Development (Housing Development Account) Regulations, 1991 in connection with the Group's property development projects. The utilisation of these balances are restricted, before completion of the housing development and fulfilling all relevant obligations to the purchasers, the cash could only be withdrawn from such accounts for the purpose of completing the particular projects concerned.

NOTES TO THE FINANCIAL STATEMENTS

26. SHARE CAPITAL

	Note	The Group and The Company			
		2017		2016	
		Number of shares	RM	Number of shares	RM
Authorised:					
Ordinary shares of RM1.00 each	(i)	-	-	2,500,000,000	2,500,000,000
Issued and fully paid:					
Ordinary shares:					
At beginning of year		1,334,777,114	1,334,777,114	1,334,777,114	1,334,777,114
Transfer from share premium	(ii)	-	84,096,954	-	-
At end of year		1,334,777,114	1,418,874,068	1,334,777,114	1,334,777,114

- (i) The new Companies Act, 2016 (“Act”), which came into operation on 31 January 2017, introduces the “no par value” regime. Accordingly, the concepts of “authorised share capital” and “par value” have been abolished.
- (ii) In accordance with the transitional provisions of the Act, the amount standing to the credit of the Company’s share premium account becomes part of the Company’s share capital. This change does not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.

However, the Company has a period of 24 months from the effective date of the Act to use the existing balance credited in the share premium account in a manner as specified by the Act.

27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“ICULS”)

In 2015, the Company completed the acquisition of the entire equity interest in MCT Consortium Bhd. via the issuance of 1,032,420,869 New Shares at an issue price of RM1.00 each per share and RM122,218,357 nominal value of 36 months zero coupon ICULS.

Salient terms of ICULS are as follows:

- (i) Conversion rights and rate

The ICULS are convertible into New Shares during the conversion period at a conversion price of RM1.00 for each new ordinary share.

- (ii) Conversion period

The ICULS are convertible at any time during the period of 36 months from the date of issue of the ICULS.

- (iii) Coupon rate

The ICULS has a zero coupon rate.

- (iv) Redeemability

Unless the ICULS are required by law to be redeemed, the ICULS shall not be redeemable at any time during their tenure.

NOTES TO THE FINANCIAL STATEMENTS

27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“ICULS”) (CONTINUED)

(v) Ranking

The New Shares issued upon conversion of the ICULS shall rank *pari passu* in all respects with the then existing shares of the Company, save and except that such New Shares shall not be entitled to any rights, dividends, benefits entitlements, allotments and/or any other distributions declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of allotment of the New Shares to be issued upon the conversion of the ICULS.

During the current and previous financial year, there are no ICULS being converted into new ordinary shares of RM1.00 each in the Company.

28. RESERVES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-distributable reserves:				
Share premium	-	84,096,954	-	84,096,954
Reverse acquisition reserve	(1,062,626,723)	(1,062,626,723)	-	-
	(1,062,626,723)	(978,529,769)	-	84,096,954

Share premium

Share premium arose from the premium on the issuance of new ordinary shares in prior periods.

During current financial year, the amount standing to the credit of the Group's and the Company's share premium account has become part of the Group's and the Company's share capital.

Reverse acquisition reserve

Reverse acquisition reserve arose from the reverse acquisition of the Company by MCT Consortium Bhd. in prior years.

29. RETAINED EARNINGS

At the end of the reporting period, the entire balance of the retained earnings of the Company is available for distribution as dividends under the single-tier income tax system.

NOTES TO THE FINANCIAL STATEMENTS

30. BORROWINGS

	The Group	
	2017	2016
	RM	RM
Current		
Secured:		
Bank overdraft	4,059,556	-
Term loans	33,684,363	11,302,965
Revolving credit	25,000,000	-
	62,743,919	11,302,965
Non-Current		
Secured:		
Term loans	174,874,334	167,785,294
Total borrowings		
Bank overdraft	4,059,556	-
Term loans	208,558,697	179,088,259
Revolving credit	25,000,000	-
	237,618,253	179,088,259

Borrowings are repayable as follows:

	The Group	
	2017	2016
	RM	RM
Current	62,743,919	11,302,965
Non-current:		
More than a year and less than 5 years	119,350,952	148,736,020
More than 5 years	55,523,382	19,049,274
	237,618,253	179,088,259

The borrowings are secured by the following:

- Property, plant and equipment, investment properties, land held for property development and property development costs as disclosed in Notes 13, 14, 15 and 20, respectively;
- A third party memorandum of deposit of fixed deposits belonging to the Group as disclosed in Note 25; and
- A joint and several guarantee by certain directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

30. BORROWINGS (CONTINUED)

The borrowings bear interest at rates ranging from 4.65% to 8.35% (2016: 5.70% to 7.40%) per annum.

Following the non-compliance of certain loan covenant by a subsidiary during the year, the non-current portion of the term loan of the subsidiary amounted to RM25 million has been reclassified as current portion as the said subsidiary does not have an unconditional right to defer settlement of the term loan for at least twelve months after the reporting period.

31. HIRE-PURCHASE PAYABLES

	The Group	
	2017	2016
	RM	RM
Total outstanding	6,712,996	10,267,900
Less: Interest-in-suspense	(470,542)	(939,551)
Principal portion	6,242,454	9,328,349
Payable as follows:		
Within the next 12 months (shown under current liabilities)	2,616,843	3,146,648
After the next 12 months	3,625,611	6,181,701
	6,242,454	9,328,349

The interest rates implicit in these hire-purchase obligations range from 2.30% to 3.91% (2016: 2.36% to 11.00%) per annum.

The hire-purchase payables are secured by the property, plant and equipment as disclosed in Note 13.

32. DEFERRED TAX LIABILITIES

	The Group	
	2017	2016
	RM	RM
At beginning of year	3,364,093	1,853,761
Charged to profit or loss (Note 11)	209,666	1,510,332
At end of year	3,573,759	3,364,093

Deferred tax liabilities provided in the financial statements are in respect of the tax effects of temporary differences arising from property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

33. TRADE PAYABLES

	The Group	
	2017	2016
	RM	RM
Trade payables	104,698,694	295,848,704
Retention sum (Note 21)	32,497,561	25,441,843
	137,196,255	321,290,547

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchase ranges from 30 to 90 days (2016: 30 to 90 days).

34. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other payables	37,170,461	29,560,474	6,042	2,892
Accrued expenses	41,102,220	40,433,215	422,485	250,671
Provision for rebates	31,892,682	29,579,894	-	-
Deposits received	56,099,878	56,027,378	-	-
	166,265,241	155,600,961	428,527	253,563

Provision for rebates represent rebates granted to the purchasers of the property development of the Group.

Deposits received represent deposits received from the purchasers of the property development of the Group.

35. DIVIDENDS

	The Group and The Company	
	2017	2016
	RM	RM
For the period 1 January 2014 to 30 June 2015:		
Second interim single-tier dividend of RM0.02 per share on 1,334,777,114 ordinary shares of RM1.00 each in 2016	-	26,695,542

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS

Capital Risk Management

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since previous financial years.

The capital structure of the Group consists of debts and equity of the Group.

The Group reviews the capital structure on a regular basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	The Group	
	2017	2016
	RM	RM
Total debts	243,860,707	188,416,608
Less: Deposits with licensed banks and cash and bank balances (Note 25)	(88,206,304)	(93,291,621)
Net debts	155,654,403	95,124,987
Equity	784,511,916	720,854,168
Net debt to equity ratio	20%	13%

Debts are defined as borrowings and hire-purchase payables as disclosed in Notes 30 and 31, respectively.

Equity includes share capital, ICULS, reserves, retained earnings and non-controlling interests.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Financial assets				
Available-for-sale investments	250,896	244,113	-	-
Loans and receivables:				
Trade receivables	40,817,863	373,277,352	-	-
Other receivables and deposits (Note 23)	48,903,896	38,842,179	-	50,000
Amount owing by subsidiaries	-	-	388,296,514	388,451,727
Deposits with licensed banks	45,672,259	42,369,946	38,802	38,335
Cash and bank balances	42,534,045	50,921,675	67,739	390,458
Financial liabilities				
Other financial liabilities:				
Borrowings (Note 30)	237,618,253	179,088,259	-	-
Hire-purchase payables (Note 31)	6,242,454	9,328,349	-	-
Trade payables	137,196,255	321,290,547	-	-
Other payables and accrued expenses (Note 34)	110,165,363	99,573,583	428,527	253,563

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The Group's financial risk management principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities.

Interest Rate Risk Management

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing borrowings. The interest rates for borrowings of the Company are disclosed in Note 30. Interest rate for hire-purchase payables, which is disclosed in Note 31, is fixed at the inception of the financing arrangement.

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease in the interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the financial impact of the Group for the year ended 30 June 2017 would be decrease/increase as follows:

	The Group	
	2017	2016
	RM	RM
Interest expense recognised in profit or loss	236,420	264,987
Interest expense capitalised in property development costs	931,373	630,455

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk Management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk in relation to its trade and other receivables and intercompany balances, should all its customers fail to perform their obligations as at 30 June 2017, is the carrying amount of these receivables as disclosed in statements of financial position.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than as disclosed in Note 22. The Group defines counterparties having similar characteristics if they are related entities.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with management of the Group, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the liquidity analysis for its financial liabilities based on the contractual maturity of these financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Group can be required to pay.

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
The Group				
30 June 2017				
Financial liabilities				
Non-interest bearing:				
Trade payables	137,196,255	-	-	137,196,255
Other payables and accrued expenses	110,165,363	-	-	110,165,363
	247,361,618	-	-	247,361,618
Interest bearing:				
Borrowings	56,258,986	166,996,100	81,487,521	304,742,607
Hire-purchase payables	2,814,037	3,898,959	-	6,712,996
	59,073,023	170,895,059	81,487,521	311,455,603
	306,434,641	170,895,059	81,487,521	558,817,221
The Company				
30 June 2017				
Financial liabilities				
Non-interest bearing:				
Other payables and accrued expenses	428,527	-	-	428,527

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk Management (Continued)

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
The Group				
30 June 2016				
Financial liabilities				
Non-interest bearing:				
Trade payables	321,290,547	-	-	321,290,547
Other payables and accrued expenses	99,573,583	-	-	99,573,583
	420,864,130	-	-	420,864,130
Interest bearing:				
Borrowings	12,077,218	158,924,437	20,354,149	191,355,804
Hire-purchase payables	3,463,309	6,804,591	-	10,267,900
	15,540,527	165,729,028	20,354,149	201,623,704
	436,404,657	165,729,028	20,354,149	622,487,834

The Company

30 June 2016

Financial liabilities

Non-interest bearing:

Other payables and accrued expenses	253,563	-	-	253,563
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Cash Flow Risk Management

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Fair Values

The carrying amounts of the financial instruments approximate their fair values as these financial assets and financial liabilities have short-term maturity or are repayable on demand except for the following:

The fair value of long-term financial liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair values and carrying values of these liabilities as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	The Group			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
30 June 2017				
Financial Assets				
Available-for-sale investments	250,896	-	-	250,896
30 June 2016				
Financial Assets				
Available-for-sale investments	244,113	-	-	244,113

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, the significant related party transactions entered by the Group, which were determined based on negotiations agreed between the parties, are as follows:

	The Group	
	2017 RM	2016 RM
Rental of premises paid/payable to related parties	2,110,872	-
Rental of premises received/receivable from related parties	959,651	784,760
Renovation works received/receivable from related parties	406,987	-
Sales of motor vehicle to persons related to related parties	148,000	239,601
Provision of training services paid/payable to a related party	5,000	-
Sales of properties to persons related to the directors	-	1,533,600
Provision of plan submission/services paid/payable to a related party	-	51,150

Related parties refer to companies in which certain directors of the Company have interests.

NOTES TO THE FINANCIAL STATEMENTS

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

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

The remuneration of key management personnel during the financial year are as follows:

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Salaries and other remunerations	11,427,462	22,931,973	422,378	428,667
Defined contribution plans	1,246,446	2,671,880	-	-
Benefit-in-kind	408,108	330,929	12,854	95,228
	13,082,016	25,934,782	435,232	523,895

38. COMMITMENTS

At the end of the reporting period, the Group has the following commitments:

(a) Commitment under a Joint Development Agreement

	The Group	
	2017	2016
	RM	RM
Commitment under a Joint Development Agreement	65,000,000	65,000,000

On 16 January 2015, Premium Cinema Sdn. Bhd. ("PCSB"), a wholly-owned subsidiary of the Company, entered into a Joint Development Agreement ("JDA") with My Success Property Sdn. Bhd. ("Landowner"), for the development of a parcel of leasehold land ("Development"). The salient features of the JDA are as follows:

- The Landowner is entitled to a cash consideration of RM25 million;
- PCSB is aware that the Landowner has taken a facility of RM40 million ("MBSB Facility") from Malaysia Building Society Berhad ("MBSB") part finance the purchase of the land. As part of the Landowner's entitlement under the JDA, the Company shall be liable to repay the MBSB Facility (including the Murabahah Profit) to MBSB in accordance with the terms and conditions as contained in the Security Documents signed between the Landowner and MBSB in respect of the MBSB facility; and
- PCSB would be entitled to all remaining profit after tax of the Development, after deduction of the Landowner's entitlement above.

For the purpose of giving effect to this JDA, PCSB with the Landowner's assistance must obtain all the requisite approvals for the Development. As at 30 June 2017, the requisite approvals have not been obtained.

NOTES TO THE FINANCIAL STATEMENTS

38. COMMITMENTS (CONTINUED)

(b) Rental and Operating Commitment

	The Group	
	2017	2016
	RM	RM
Rental commitments from leaseback arrangement:		
Less than 1 year	5,028,621	4,592,580
More than 1 year and less than 2 years	6,495,145	6,592,190
More than 2 years and less than 5 years	7,272,818	23,995,703
	18,796,584	35,180,473
Operating lease commitments:		
Less than 1 year	3,421,446	-
More than 1 year and less than 2 years	2,623,505	-
	6,044,951	-
	24,841,535	35,180,473

(c) Others

	The Group	
	2017	2016
	RM	RM
Purchase of property, plant and equipment	526,842	5,909,523

39. CONTINGENT LIABILITIES

(a) Performance bond

	The Group	
	2017	2016
	RM	RM
Performance bond provided in favour of third parties pursuant to the construction and/or development projects of the Group	49,609,322	51,726,922

NOTES TO THE FINANCIAL STATEMENTS

39. CONTINGENT LIABILITIES (CONTINUED)

(b) Goods and Services Tax (“GST”)

During the current financial year, Lakefront Residence Sdn. Bhd. (“LRSB”), a wholly-owned subsidiary of the Company, received a notification from Royal Malaysia Customs Department (“RMCD”) that the relief supply certificate pursuant to the construction service provided by LRSB to PR1MA Corporation Malaysia (“PR1MA”) has been revoked. LRSB is required to charge RM21 million Goods and Services Output Tax to PR1MA and subsequently remit the said amount to RMCD.

LRSB has appointed a tax consultant for submission of appeal and documents to RMCD. RMCD is currently reviewing the appeal.

No provision for liability has been made by the Group as the directors are of the opinion that with information currently available and the advice of tax consultant, the ultimate outcome of the GST assessment is yet to be determinable and that LRSB has a basis to defend the said GST assessment.

40. MATERIAL LITIGATIONS

There was a suit filed on 4 December 1996 by Chellappa A/L Kalimuthu (suing as a public officer of Sri Maha Mariamman Temple, Hicom, Shah Alam, Selangor pursuant to Section 9(c) of the Society Act 1996) on behalf of a society (“Society”) (“Plaintiff”). The suit is relating to a claim against three parties, namely Sime UEP Properties Bhd., Pengarah Perancang Bandar dan Desa Negeri Selangor Darul Ehsan, and Kerajaan Negeri Selangor Darul Ehsan in relation to the portion of the land owned by One City Development Sdn. Bhd. (“OCD”), an indirect wholly-owned subsidiary of the Company and held under Geran 284076, Lot 81278 Mukim Damansara, Daerah Petaling, Negeri Selangor (“Master Title”) on which an Indian Temple, Kuil Sri Maha Mariamman (“Existing Temple”) was erected (“Land Portion”). The Plaintiff, had then on 19 February 2010, filed an application to add OCD, as the fourth defendant, being the registered proprietor of the Master Title and such application was allowed on 29 March 2010.

There is also a court case involving the Plaintiff and one other group which is led by Nagaraju a/l Merganathan and some of its committee members in Suit No. 22 - 491-2001 in the High Court in Shah Alam claiming for the control and management of the Society and the Existing Temple.

The Plaintiff is claiming, among other reliefs, an order that the Land Portion (measuring approximately one acre), be alienated to the Plaintiff.

On 11 March 2014, the parties have recorded a consent judgment in relation to the matter (“Consent Judgment”) and the sealed Consent Judgment has been extracted from the High Court. Accordingly, the matter has been amicably settled subsequent to the completion of the fulfillment of the terms stated in the Consent Judgment by the parties involved, which include, *inter-alia*, the following:

- (a) OCD has completed the construction of the new temple and OCD has deposited a sum of RM1.5 million with OCD’s solicitors as stakeholders.
- (b) The parties occupying the Existing Temple have not delivered the vacant possession of the Land Portion to OCD. OCD has instructed its solicitors to commence legal proceedings to recover the possession of the site occupied by the Existing Temple.

A writ of possession (“Writ”) vide “Permohonan Perlaksanaan No. 37WP-44-12/2016” was issued by the High Court on 22 December 2015 and subsequently served by the Court Bailiff to the Existing Temple on 30 May 2016. On 10 June 2016, OCD’s solicitors applied to court to extend the Writ. The Court has granted its Order on 22 December 2016. The Writ and the Order for extension of time has been served by the Court Bailiff to the Existing Temple on 18 May 2017.

The parties occupying the Existing Temple have failed to deliver the vacant possession of the Land to OCD. The Writ expired on 21 June 2017. OCD’s solicitors are in the midst of applying for a fresh Writ on 12 October 2017 and the Plaintiff has no objection to the said application. The Court had fixed hearing on 1 November 2017 for decision.

The directors are of the opinion that in any event, the claim to the Land Portion will not unduly affect the ongoing construction development on the said land as the Existing Temple is not sited on the relevant part of the land which has been approved for development.

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. For management purposes, the Group is organised into the following operating divisions:

- (i) Property development - Property development of residential and commercial properties.
- (ii) Construction activities - Construction, providing civil and mechanical engineering services.
- (iii) Utilities provider* - Provision of utilities services.
- (iv) Others - Investment holding, operating in hoteling, fitness center and cinema cum seminar facility, and leasing of properties.

No information on geographical areas is presented as the Group operates mainly in Malaysia.

* *Prior year segmental reporting had been restated to conform with current year presentation.*

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENTAL REPORTING (CONTINUED)

30 June 2017	Property development	Construction activities	Utilities provider	Others	Total	Elimination	The Group
	RM	RM	RM	RM	RM	RM	RM
Revenue							
External revenue	577,557,438	615,437	9,385,163	35,410,477	622,968,515	-	622,968,515
Inter-segment revenue	-	221,966,826	5,159,889	77,469,106	304,595,821	(304,595,821)	-
Total revenue	577,557,438	222,582,263	14,545,052	112,879,583	927,564,336	(304,595,821)	622,968,515
Results							
Operating profit/(loss)	70,022,303	30,769,621	(16,032,038)	(16,019,650)	68,740,236	10,067,918	78,808,154
Interest income	1,785,448	70,834	269,712	212,752	2,338,746	-	2,338,746
Other income	16,033,763	20,721	94,585	1,566,989	17,716,058	(868,514)	16,847,544
Finance costs	(867,263)	(450,309)	(1,183,493)	(1,761,242)	(4,262,307)	-	(4,262,307)
Profit/(Loss) before tax	86,974,251	30,410,867	(16,851,234)	(16,001,151)	84,532,733	9,199,404	93,732,137
Income tax (expense)/credit	(27,008,910)	1,963,626	15,264	(552,079)	(25,582,099)	(4,492,290)	(30,074,389)
Profit/(Loss) after tax	59,965,341	32,374,493	(16,835,970)	(16,553,230)	58,950,634	4,707,114	63,657,748
Assets and liabilities							
Segment assets	1,530,177,679	516,685,293	85,711,218	1,895,587,313	4,028,161,503		
Less: Elimination	(430,204,793)	(473,981,083)	(5,262,786)	(1,811,348,012)	(2,720,796,674)		
	1,099,972,886	42,704,210	80,448,432	84,239,301	1,307,364,829		
Tax recoverable and deferred tax asset	21,678,063	11,697,227	72,781	705,123	34,153,194		
Less: Elimination	-	(918,531)	-	-	(918,531)		
	21,678,063	10,778,696	72,781	705,123	33,234,663		
Total assets	1,121,650,949	53,482,906	80,521,213	84,944,424	1,340,599,492		

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENTAL REPORTING (CONTINUED)

30 June 2017	Property development RM	Construction activities RM	Utilities provider RM	Others RM	Total RM
Segment liabilities	1,062,040,847	460,312,147	103,770,196	310,134,098	1,936,257,288
Less: Elimination	(967,971,843)	(217,822,747)	(82,388,082)	(120,752,413)	(1,388,935,085)
	94,069,004	242,489,400	21,382,114	189,381,685	547,322,203
Tax and deferred tax liabilities	5,191,614	-	-	-	5,191,614
Add: Elimination	-	3,573,759	-	-	3,573,759
	5,191,614	3,573,759	-	-	8,765,373
Total liabilities	99,260,618	246,063,159	21,382,114	189,381,685	556,087,576
<i>Other segment information</i>					
Capital expenditure:					
Investment properties	58,684,687	-	-	-	58,684,687
Property, plant and equipment	1,522,307	1,755,145	20,755,290	9,309,666	33,342,408
Land held for property development	253,718	-	-	-	253,718
	60,460,712	1,755,145	20,755,290	9,309,666	92,280,813
Depreciation of:					
Property, plant and equipment	1,661,628	6,433,795	2,287,388	6,635,556	17,018,367
Investment properties	645,977	-	-	-	645,977
	2,307,605	6,433,795	2,287,388	6,635,556	17,664,344
Provision for rebates	13,745,927	-	-	-	13,745,927
Impairment loss of property, plant and equipment	-	-	13,615,506	-	13,615,506
Grant income received from Government of Malaysia	14,906,257	-	-	-	14,906,257

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENTAL REPORTING (CONTINUED)

30 June 2016	Property development	Construction activities	Utilities provider	Others	Total	Elimination	The Group
	RM	RM	RM	RM	RM	RM	RM
Revenue							
External revenue	591,934,426	9,835,789	7,696,469	45,441,581	654,908,265	-	654,908,265
Inter-segment revenue	29,114,624	199,321,573	6,851,646	177,981,978	413,269,821	(413,269,821)	-
Total revenue	621,049,050	209,157,362	14,548,115	223,423,559	1,068,178,086	(413,269,821)	654,908,265
Results							
Operating profit/(loss)	174,277,720	2,046,768	(238,232)	(15,178,675)	160,907,581	(38,984,170)	121,923,411
Interest income	2,629,193	1,212,908	300,912	203,666	4,346,679	-	4,346,679
Finance costs	(3,154,484)	(629,291)	(1,382,866)	(1,808,211)	(6,974,852)	-	(6,974,852)
Profit/(Loss) before tax	173,752,429	2,630,385	(1,320,186)	(16,783,220)	158,279,408	(38,984,170)	119,295,238
Income tax expense	(39,678,182)	(1,740,440)	(87,483)	(420,829)	(41,926,934)	-	(41,926,934)
Profit/(Loss) after tax	134,074,247	889,945	(1,407,669)	(17,204,049)	116,352,474	(38,984,170)	77,368,304
Assets and liabilities							
Segment assets	1,679,631,794	567,376,507	79,479,754	1,819,829,991	4,146,318,046		
Less: Elimination	(415,661,892)	(505,857,559)	(4,524,696)	(1,726,622,161)	(2,652,666,308)		
	1,263,969,902	61,518,948	74,955,058	93,207,830	1,493,651,738		
Tax recoverable and deferred tax asset	3,366,704	9,693,882	-	340,947	13,401,533		
Total assets	1,267,336,606	71,212,830	74,955,058	93,548,777	1,507,053,271		

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENTAL REPORTING (CONTINUED)

30 June 2016	Property development RM	Construction activities RM	Utilities provider RM	Others RM	Total RM
Segment liabilities	1,277,074,193	502,515,983	80,622,498	225,081,607	2,085,294,281
Less: Elimination	(886,715,242)	(276,159,749)	(56,799,073)	(96,181,266)	(1,315,855,330)
	390,358,951	226,356,234	23,823,425	128,900,341	769,438,951
Tax and deferred tax liabilities	13,290,611	3,360,280	7,483	101,778	16,760,152
Total liabilities	403,649,562	229,716,514	23,830,908	129,002,119	786,199,103
<i>Other segment information</i>					
Capital expenditure:					
Investment properties	101,810,164	-	-	-	101,810,164
Property, plant and equipment	17,386,306	18,027,156	10,508,386	10,628,210	56,550,058
Land held for property development	6,726,767	-	-	-	6,726,767
	125,923,237	18,027,156	10,508,386	10,628,210	165,086,989
Depreciation of:					
Property, plant and equipment	2,271,024	6,009,232	1,986,614	4,410,497	14,677,367
Investment properties	645,977	-	-	-	645,977
	2,917,001	6,009,232	1,986,614	4,410,497	15,323,344
Provision for rebates	4,402,586	-	-	-	4,402,586

NOTES TO THE FINANCIAL STATEMENTS

42. SUPPLEMENTARY INFORMATION

The breakdown of the retained earnings of the Group and of the Company at the end of the reporting period, into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) dated 25 March 2010 and prepared in accordance with the Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements”, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Securities.

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiaries				
Realised	520,141,699	456,880,052	1,580,477	2,233,298
Unrealised	(41,110,495)	(36,799,481)	-	-
	479,031,204	420,080,571	1,580,477	2,233,298
Add: Consolidation adjustments	(174,477,255)	(179,186,550)	-	-
Total retained earnings	304,553,949	240,894,021	1,580,477	2,233,298

STATEMENT BY DIRECTORS

The directors of **MCT BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 42 on page 137, which is not part of the financial statements, is prepared in all material respects, in accordance to 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 and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the directors,

DATO’ SRI TONG SEECH WI

JOSE JUAN Z. JUGO

Subang Jaya,
12 October 2017

DECLARATION BY THE OFFICER

PRIMARYLY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MARIA ROCHELLE S. DIAZ**, the officer primarily responsible for the financial management of **MCT BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion, 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.

Signed in accordance with
a resolution of the directors,

MARIA ROCHELLE S. DIAZ

Subscribed and solemnly declared by the abovenamed **MARIA ROCHELLE S. DIAZ** at **SUBANG JAYA** on this 12th day of October, 2017.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

Location/Address	Land area (Acres)	Existing use	Tenure	Approximate age of the building	Remaining useful life of building	Net Book Value as at 30.06.17	Year of acquisition/Year of completion*
Timeless Hectares Sdn. Bhd.							
Lot 0108632, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	23.10	Lakefront (Land Under Development)	Freehold	NA	NA	34,506,960	25.03.2011
Lot 0108633, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	15.96	Lakefront (Land Under Development)	Freehold	NA	NA		25.03.2011
Lot 0108634, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	18.78	Lakefront (Land Under Development)	Freehold	NA	NA	24,845,000	25.03.2011
Lot 0108636, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	2.15	Lakefront (Land Under Development)	Freehold	NA	NA		25.03.2011
Solid Recommendation Sdn. Bhd.							
Lot 47336 Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	11.13	SkyPark @ Cyberjaya (Land Under Development)	Freehold	NA	NA	43,160,000	22.09.2010
Solid Benefit Sdn. Bhd.							
Lot 104161, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	73.83	Cybersouth (Land Held for Development)	Leasehold expiring 01.02.2104	NA	87	5,259,154	2008
Lot 104162, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	124.47	Cybersouth (Land Held for Development)	Leasehold expiring 01.02.2104	NA	87	8,866,407	2008
Lot 104163, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	54.51	Cybersouth (Land Held for Development)	Leasehold expiring 01.02.2104	NA	87	3,882,214	2008
Lot 104164, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	48.65	Cybersouth (Land Held for Development)	Leasehold expiring 01.02.2104	NA	87	3,465,500	2008
Lot 47955, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	115.50	Cybersouth (Land Held for Development)	Leasehold expiring 20.07.2104	NA	87	8,226,733	2009

LIST OF PROPERTIES

Location/Address	Land area (Acres)	Existing use	Tenure	Approximate age of the building	Remaining useful life of building	Net Book Value as at 30.06.17	Year of acquisition/ Year of completion*
One City Development Sdn. Bhd.							
Lot 81278, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	14.35	One City Phase 3 (Land Held for Development)	Freehold	NA	NA	10,907,612	1998
Lot 91374 Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan	2.90	One City Phase 3 (Land Held for Development)	Freehold	NA	NA	2,592,388	2012
Vista Global Development Sdn. Bhd.							
Lot PT12016, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	7.20	Cyber ONE (Land Held for Development)	Freehold	NA	NA	31,371,912	20.09.2013
Nexus Advertising Sdn. Bhd.							
Lot PT9303, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	2.91	Land held for investment	Leasehold expiring 21.04.2086	NA	NA	5,562,431	11.06.2012
Lot 3675, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	1.92	Land held for investment	Leasehold 10.08.2086	NA	NA		11.06.2012
Undersea City Sdn. Bhd.							
Lot 589, GM202, Mukim Damansara, Kg Bukit Lanchong, 47650 Daerah Petaling	3.00	Land held for development	Freehold	NA	NA	6,707,445	15.12.2015

LIST OF PROPERTIES

Location/Address	Floor area (Sq ft)	Existing use	Tenure	Approximate age of the building	Remaining useful life of building	Net Book Value as at 30.06.17	Year of acquisition/ Year of completion*
The Place Properties Sdn. Bhd.							
The Place @ Cyberjaya, Jalan Teknokrat 1/1, Cyberjaya, 63000 Selangor Darul Ehsan	458,454	Basement carpark and retail lots	Freehold	2 years	NA	31,006,875	31.03.2015*
One City Properties Sdn. Bhd.							
Sky Park @ One City, Jalan USJ 25/1B, 47650 Subang Jaya, Selangor Darul Ehsan	824,998	Basement carpark and retail lots	Freehold	3 years	NA	36,531,891	16.12.2013*
The Place @ One City, Jalan USJ 25/1B, 47650 Subang Jaya, Selangor Darul Ehsan	337,212	Basement carpark and retail lots	Freehold	3 years	NA	22,754,836	10.06.2014*
The Square @ One City, Jalan USJ 25/1B, 47650 Subang Jaya, Selangor Darul Ehsan	195,978	Basement carpark, retail podium and link bridge	Freehold	1 year	NA	20,536,932	27.01.2016*
The Square @ One City, Jalan USJ 25/1B, 47650 Subang Jaya, Selangor Darul Ehsan	330,452	Basement Carpark at Taman Bandar@ One City	Freehold	1 year	NA	43,977,360	27.01.2016*
Ecity Hotel Sdn. Bhd.							
Block E, Hotel Tower, Ecity Hotel, Sky Park @ One City, Jalan USJ 25/1, 47650 Subang Jaya	111,202	Hotel	Freehold	4 years	NA	28,109,785	18.06.2013*

ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2017

Share Capital

Issued Share Capital : 1,334,777,114 ordinary shares
 Types of Shares : Ordinary share
 Voting Rights : One vote per ordinary share

Distribution of Shareholdings

Size of Shareholding	No. of Holders	% of Holders	No. of Holdings	% of Issued Share Capital
Less than 100	63	5.55	1,715	0.00
100 to 1,000	438	38.59	118,420	0.01
1,001 to 10,000	377	33.22	2,257,341	0.17
10,001 to 100,000	185	16.30	5,659,256	0.42
100,001 to less than 5% of issued shares	68	5.99	275,982,625	20.68
5% and above of issued shares	4	0.35	1,050,757,757	78.72
Total	1,135	100.00	1,334,777,114	100.00

List of Thirty (30) Largest Securities Account Holders as per the Record of Depositors

No.	Name of Shareholder	No. of Shares Held	% of Issued Share Capital
1.	Regent Wise Investments Limited	439,809,059	32.95
2.	RHB Nominees (Tempatan) Sdn Bhd - Tan Sri Dato' Sri Goh Ming Choon	296,633,454	22.22
3.	Dato' Sri Tong Seech Wi	180,835,244	13.55
4.	Lembaga Tabung Haji	133,480,000	10.00
5.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Tan Sri Dato' Sri Goh Ming Choon	66,700,000	5.00
6.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for AIA Bhd	47,037,100	3.52
7.	Kumpulan Wang Persaraan (Diperbadankan)	37,001,900	2.77
8.	Lai Ming Chun @ Lai Poh Lin	20,120,050	1.51
9.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged securities account for Dato' Sri Tong Seech Wi	15,000,000	1.12
10.	HLB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Tan Kim Heung	13,800,000	1.03
11.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged securities account for Koh Kin Lip	11,000,000	0.82
12.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged securities account for Rickoh Corporation Sdn Bhd	11,000,000	0.82
13.	KDYMM Tuanku Sultanah Hajah Haminah Binti Haji Hamidun	7,000,000	0.52
14.	IDIQA Holding Sdn Bhd	4,864,100	0.36
15.	Lai Ming Chun @ Lai Poh Lin	4,056,900	0.30
16.	Ng Lee Ling	3,409,700	0.26
17.	Ramle Bin Nayan	3,076,600	0.23
18.	Yayasan Kelantan DarulNaim	3,048,300	0.23
19.	Looi Teh Sung	1,564,600	0.12
20.	WHC Capital Sdn Bhd	1,562,000	0.12

ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2017

List of Thirty (30) Largest Securities Account Holders as per the Record of Depositors (Continued)

No.	Name of Shareholder	No. of Shares Held	% of Issued Share Capital
21.	Dato' Goh Meng Keong	1,369,100	0.10
22.	Tokio Marine Life Insurance Malaysia Bhd as beneficial owner (NPF)	1,300,000	0.10
23.	Tokio Marine Life Insurance Malaysia Bhd as beneficial owner (TMEF)	1,212,100	0.09
24.	Dong QuiWan	1,203,000	0.09
25.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Public Takaful Bhd	1,185,400	0.09
26.	Citigroup Nominees (Tempatan) Sdn Bhd - Kenanga Islamic Investors Bhd for Lembaga Tabung Haji	1,128,300	0.08
27.	AMSEC Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Pacific Dividend Fund (UT-PM-DIV)	1,090,000	0.08
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Koh Kin Lip	1,005,000	0.08
29.	Koperasi Permodalan Felda Malaysia Berhad	1,000,000	0.07
30.	Tan Pei Geok	1,000,000	0.07
		1,312,491,907	98.30

Substantial Shareholders as per the Register of Substantial Shareholders

No.	Name of Substantial Shareholders	Direct Interest	No. of Shares Held		%
			%	Indirect Interest	
1.	Regent Wise Investments Limited	439,809,059	32.95	-	-
2.	Tan Sri Dato' Sri Goh Ming Choon	363,640,554	27.24	-	-
3.	Dato' Sri Tong Seech Wi	195,835,244	14.67	-	-
4.	Lembaga Tabung Haji	134,608,300	10.09	-	-

Directors' Shareholdings as per the Register of Directors' Shareholdings

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1.	Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	-	-	-	-
2.	Tan Sri Dato' Sri Goh Ming Choon ⁽¹⁾	363,640,554	27.24	-	-
3.	Dato' Sri Tong Seech Wi ⁽²⁾	195,835,244	14.67	-	-
4.	Datuk Lim Kok Boon	372,625	0.03	-	-
5.	Tan Sri Dato' Hj Abd Karim Bin Shaikh Munisar	-	-	-	-
6.	Anna Maria Margarita Bautista Dy	-	-	-	-
7.	Bernard Vincent Olmedo Dy	-	-	-	-
8.	Jose Juan Z. Jugo ⁽³⁾	-	-	-	-
9.	Lao Chok Keang ⁽⁴⁾	-	-	-	-

Note: ⁽¹⁾ 67,000,000 shares held through CIMSEC Nominees (Tempatan) Sdn Bhd, CIMB Bank and 296,633,454 shares held through RHB Nominees (Tempatan Sdn Bhd) for Tan Sri Dato' Sri Goh Ming Choon.

⁽²⁾ 15,000,000 shares held through Maybank Nominees (Tempatan) Sdn Bhd, pledged securities account for Dato' Sri Tong Seech Wi.

⁽³⁾ Appointed as a Director of the Company on 20 January 2017.

⁽⁴⁾ Appointed as a Director of the Company on 24 February 2017.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth (8th) Annual General Meeting (“AGM”) of the Company will be held at the Grand Ballroom, Level R (Rooftop), The Place @ One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan on Tuesday, 28 November 2017 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. (Please refer to explanatory Note 1)
2. To approve the payment of Directors’ fees of RM425,419.18 for the financial year ended 30 June 2017. (Resolution 1)
3. To re-elect the following Directors who shall retire pursuant to Article 81 of the Company’s Articles of Association:-
 - (a) Tan Sri Dato’ Sri Abi Musa Asa’ari bin Mohamed Nor (Resolution 2)
 - (b) Tan Sri Dato’ Sri Goh Ming Choon (Resolution 3)
4. To re-elect the following Directors who shall retire pursuant to Article 88 of the Company’s Articles of Association:-
 - (a) Mr. Jose Juan Z. Jugo (Resolution 4)
 - (b) Mr. Lao Chok Keang (Resolution 5)
5. To re-appoint Messrs. Deloitte PLT as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration. (Resolution 6)

As Special Business

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

6. Ordinary Resolution 1 - Payment of benefits payable to the Directors under Section 230 of the Companies Act 2016 (“the Act”)

“THAT the benefits of not exceeding RM200,000.00 payable to the Directors under Section 230 of the Act for the financial period from 31 January 2017 until the next Annual General Meeting of the Company be and is hereby approved for payment.” (Resolution 7)
7. Ordinary Resolution 2 - Allotment of Shares Pursuant to the Companies Act 2016 (“the Act”)

THAT subject always to the Act, the Articles of Association of the Company, and the approvals from Bursa Malaysia Securities Berhad and any relevant governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to the Act, to issue and allot shares in the Company, at any time to such persons 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 issued share capital of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company. (Resolution 8)
8. To transact any other business of which due notice shall have been received.

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

Chua Hooi Sian (MAICSA 7014565)
Chua Siew Chuan (MAICSA 0777689)
Mak Chooi Peng (MAICSA 7017931)
Company Secretaries

Kuala Lumpur
Dated: 31 October 2017

Notes:

1. *Only members whose names appear in the Record of Depositors on 22 November 2017 shall be eligible to attend, speak and vote at the meeting.*
2. *Subject to Note 5 below, a member is entitled to attend and vote at a meeting of the Company and is entitled to appoint not more than two (2) proxies to attend and vote in his stead in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
4. *The form of proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
5. *A member who is an Authorised Nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which hold ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note 1:

This Agenda Item is not put forward for voting as the provisions of Section 340(1) of the Act do not require the Audited Financial Statements to be approved by shareholders.

Explanatory Notes to Special Business:

Payment of Benefits Payable to the Directors under Section 230 of the Act

The proposed adoption of the Ordinary Resolution 1 is for the purpose of approving the Directors' benefits of up to RM200,000.00 comprising meeting allowances based on the number of scheduled and unscheduled Board and Board Committee Meetings as and when incurred during the financial year including benefits-in-kind and assuming that all Non-Executive Directors will hold office until the conclusion of the next AGM.

Allotment of Shares Pursuant to the Act

The proposed adoption of the Ordinary Resolution 2 is for the purpose of seeking a general mandate for issuance and allotment of shares by the Company pursuant to the Act, and if approved, will empower the Directors to issue and allot shares up to 10% of the total number of issued shares in the Company for the time being for such purposes as the Directors consider would be in the interests of the Company.

This authority, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company. At this juncture, the Company has not issued any new shares pursuant to the authority granted to the Directors at the last Seventh AGM of the Company held on 28 November 2016 which will lapse at the conclusion of the 8th AGM.

This authority will provide flexibility and to avoid delay and cost in convening general meetings to approve such issuance of shares for fund raising activities, including but not limited to further placement of shares for purposes of funding future investment project(s), working capital and/ or acquisition(s).



MCT BERHAD
(Company No. 881786-X)
(Incorporated in Malaysia)

I/We (**full name in block capitals**) _____
 NRIC No./Passport No./Company No. _____
 of _____
 being a Member/Members of **MCT BERHAD** ("the Company"), hereby appoint (full name) _____
 _____ NRIC No./Passport No. _____
 of _____
 _____ or failing whom, _____
 NRIC No./Passport No. _____ of _____

or failing whom THE CHAIRMAN ON THE MEETING as my/our proxy/proxies to vote on my/our behalf at the Eighth (8th) Annual General Meeting of the Company ("AGM") to be held at the Grand Ballroom, Level R (Rooftop), The Place @ One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan on 28 November, 2017 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

Resolutions		*FOR	*AGAINST
ORDINARY BUSINESS			
Resolution 1	To approve the payment of Directors' fees		
Resolution 2	To re-elect Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor as a Director of the Company		
Resolution 3	To re-elect Tan Sri Dato' Sri Goh Ming Choon as a Director of the Company		
Resolution 4	To re-elect Mr. Jose Juan Z. Jugo as a Director of the Company		
Resolution 5	To re-elect Mr. Lao Chok Keang as a Director of the Company		
Resolution 6	To re-appoint Messrs. Deloitte PLT as Auditors		
SPECIAL BUSINESS			
Resolution 7	Ordinary Resolution 1: To approve the payment of Directors' benefits		
Resolution 8	Ordinary Resolution 2: Allotment of shares pursuant to Companies Act 2016		

* Please indicate with an "X" in the spaces provided above how you wish your votes to be cast. If no specific instruction as to voting is given, the proxy shall vote or abstain from voting at his/her discretion.

As witness my/our hand(s) this _____ day of _____ 20____

 Number of Shares held

 Signature/Common Seal of Member

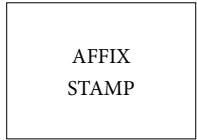
 CDS Account No.

Notes:

- Only members whose names appear in the Record of Depositors on 22 November 2017 shall be eligible to attend, speak and vote at the AGM.
- Subject to note (5) below, a member is entitled to attend and vote at a meeting of the Company and is entitled to appoint not more than two (2) proxies to attend and vote in his stead in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account.
- A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- The form of proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- A member who is an Authorised Nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which hold ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here



The Company Secretaries

MCT BERHAD
(Company No. 881786-X)

Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur
Wilayah Persekutuan, Malaysia

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MCT Berhad

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