

AMVERTON_{BERHAD}

(177214-H) (Formerly Known as A & M Realty Berhad)

Building On Our Experience



ANNUAL REPORT 2017



AMVERTON_{BERHAD}

(177214-H) (Formerly Known as A & M Realty Berhad)

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Eighth (28th) Annual General Meeting of Amverton Berhad (Formerly Known as A & M Realty Berhad) ("the Company") will be held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan on Thursday, 21 June 2018, at 11.00 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS:

- | | | |
|----|--|--------------------------------|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2017. | Please refer to Note 2. |
| 2. | To re-elect the following Directors who retire by rotation in accordance with Article 100 of the Company's Constitution, and being eligible, offer themselves for re-election: | |
| | (i) Tan Sri Dato' Dr. Sak Cheng Lum | RESOLUTION 1 |
| | (ii) Mat Ripen Bin Mat Elah | RESOLUTION 2 |
| | (iii) Tan Jiu See | RESOLUTION 3 |
| 3. | To re-elect Ooi Hun Yong who retires in accordance with Article 83 of the Company's Constitution and being eligible, offers himself for re-election. | RESOLUTION 4 |
| 4. | To approve the payment of Directors' fees and benefits up to an amount of RM180,000 from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting. | RESOLUTION 5 |
| 5. | To re-appoint Messrs. HLB Ler Lum, as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Directors. | RESOLUTION 6 |

AS SPECIAL BUSINESS:

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

- | | | |
|----|---|---|
| 6. | ORDINARY RESOLUTION
AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 and 76 OF THE COMPANIES ACT, 2016 | RESOLUTION 7 |
| | "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and the Constitution of the Company and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares 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 approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." | |
| 7. | ORDINARY RESOLUTION
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES | RESOLUTION 8 |
| | "THAT, subject always to the Companies Act, 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant regulatory authority, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities ("Proposed Share Buy Back") upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that: | |
| | (a) | the maximum number of shares which may be purchased by the Company shall not exceed ten per cent (10%) of the total issued share capital of the Company at any point of time; |
| | (b) | the maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the aggregate of the retained earnings of the Company; |
| | (c) | the authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until: |

Notice of Annual General Meeting (Cont'd)

AS SPECIAL BUSINESS (CONT'D)

7. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES (Cont'd)

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by shareholders in general meeting, whichever occurs first.
- (d) upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:
 - (i) to cancel the shares so purchased;
 - (ii) to retain the shares so purchased as Treasury Shares;
 - (iii) to distribute the Treasury Shares as dividends to shareholders;
 - (iv) to resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
 - (v) any combination of the above (i), (ii), (iii) and (iv).

AND THAT authority be and is hereby given unconditionally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991) to implement or to effect the purchase(s) with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

8. ORDINARY RESOLUTIONS PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

- | | |
|---|----------------------|
| (i) "THAT Ooi Hock Guan be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director, notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine (9) years" | RESOLUTION 9 |
| (ii) "THAT Tan Sri Dato' Dr. Sak Cheng Lum be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director, notwithstanding that he has been on the Board of the Company for cumulative term of more than twelve (12) years." | RESOLUTION 10 |
| (iii) "THAT Mat Ripen Bin Mat Elah be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director, notwithstanding that he has been on the Board of the Company for cumulative term of more than twelve (12) years." | RESOLUTION 11 |
| (iv) "THAT Tan Jiu See be and is hereby retained as an Independent Non-Executive Director of the Company and she shall continue to act as an Independent Non-Executive Director, notwithstanding that she has been on the Board of the Company for cumulative term of more than twelve (12) years." | RESOLUTION 12 |

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

BY ORDER OF THE BOARD

CHEAM TAU CHERN
Company Secretary
(MIA 18593)

Klang
30 April 2018

Notice of Annual General Meeting (Cont'd)

NOTES:

1. Proxy

- 1.1 A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- 1.2 In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of its attorney.
- 1.3 Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 1.4 Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
- 1.5 The instrument appointing the proxy must be deposited at the Registered Office of the Company at No 22C, Jalan Gelugor, 41050 Klang, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting or adjournment thereof.
- 1.6 Only members whose names appear in the Record of Depositors as at 14 June 2018 will be entitled to attend and vote at the meeting.
- 1.7 Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 28th AGM will be put to vote on a poll.

2. Audited Financial Statements for financial year ended 31 December 2017

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

3. Ordinary Resolution 7 – Authority for Directors to Allot and Issue Shares

Ordinary Resolution 7, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. As at the date of this Notice, no new shares were issued pursuant to the authority granted to the Directors at the Twenty-Seventh Annual General Meeting held on 15 June 2017, the mandate of which will lapse at the conclusion of the Twenty-Eighth Annual General Meeting to be held on 21 June 2018.

4. Ordinary Resolution 8 – Proposed Renewal of Authority for the Company to Purchase its Own Shares

The proposed resolution, if passed, will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained earnings of the Company.

Further information on this resolution is set out in the Proposed Renewal of the Share Buy-Back Statement dated 30 April 2018, which is sent out together with the Company's 2017 Annual Report.

5. Ordinary Resolution 9 – Proposed Retention of Independent Non-Executive Directors

The Board through the Nominating Committee ("NC"), has determined that Ooi Hock Guan is fair and impartial in carrying out his duties to the Company. As Director, he continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. He also possesses vast professional experience and brings the right mix of skills to the Board. The Board therefore, endorsed the NC's recommendation for him to be retained as an Independent Director.

Shareholders' approval for Ordinary Resolution 9 will be sought on a single-tier voting basis.

6. Ordinary Resolutions 10, 11 and 12 – Proposed Retention of Independent Non-Executive Directors

(i) Tan Sri Dato' Dr. Sak Cheng Lum

The Board had assessed the independence of Tan Sri Dato' Dr. Sak Cheng Lum and is satisfied that he can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board believes his leadership quality, and knowledge and experiences will continue to contribute positively to the proceedings of the Board and the Board Committees. The Board therefore endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

Notice of Annual General Meeting (Cont'd)

6. Ordinary Resolutions 10, 11 and 12 – Proposed Retention of Independent Non-Executive Directors (Cont'd)

(ii) Mat Ripen Bin Mat Elah

The Board had assessed the independence of Mat Ripen Bin Mat Elah and is satisfied that he is fair and impartial in carrying out his duties to the Company. As a Director, he continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. The Board therefore endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

(iii) Tan Jiu See

The Board had assessed the independence of Tan Jiu See and is satisfied that she can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board believes her expertise in corporate and legal matters, and knowledge and experiences in the industry will continue to contribute positively to the proceedings of the Board and the Board Committees. The Board therefore endorsed the NC's recommendation for her to be retained as an Independent Non-Executive Director.

Shareholders' approval for Ordinary Resolutions 10, 11 and 12 will be sought on a two-tier voting basis.

Statement Accompanying Notice of Annual General Meeting

STATEMENT ACCOMPANYING NOTICE OF THE 28TH ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The Directors who are offering themselves for re-election at the Twenty Eighth (28th) Annual General Meeting of the Company are as follows:

- Tan Sri Dato' Dr. Sak Cheng Lum, a Director retiring under Article 100 of the Company's Constitution.
- Mat Ripen Bin Mat Elah, a Director retiring under Article 100 of the Company's Constitution.
- Tan Jiu See, a Director retiring under Article 100 of the Company's Constitution.
- Ooi Hun Yong, a Director retiring under the Article 83 of the Company's Constitution.

DETAILS OF BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

A total of five (5) Board Meetings were held at the Conference Room, Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam, Selangor Darul Ehsan during the financial year ended 31 December 2017.

All Directors have complied with the minimum attendance at Board Meetings as stipulated in the Bursa Malaysia Securities Berhad Listing Requirements during the financial year under review.

The attendance of each Director is as follows:

Name of Directors	No. of meeting attended/held	Percentage of Attendance (%)
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	5/5	100%
Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf	5/5	100%
Dato' Ambrose Leonard Ng Kwee Heng	3/5	60%
Puan Sri Datin Catherine Yeoh Eng Neo	4/5	80%
Tan Sri Dato' Dr. Sak Cheng Lum	4/5	80%
Datuk Ng Thian Kwee	5/5	100%
Mat Ripen Bin Mat Elah	5/5	100%
Tan Jiu See	4/5	80%
Dato' Milton Norman Ng Kwee Leong	5/5	100%
Steven Junior Ng Kwee Leng	5/5	100%
Malcolm Jeremy Ng Kwee Seng	5/5	100%
Ooi Hock Guan	5/5	100%

ORDINARY RESOLUTION ON AUTHORITY TO ISSUE AND ALLOT NEW ORDINARY SHARES IN AMVERTON BERHAD (FORMERLY KNOWN AS A & M REALTY BERHAD) ("AMVERTON SHARES")

Details of the general mandate to issue and allot Amverton Shares pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in the Explanatory Notes of the Notice of the 28th Annual General Meeting set out on page 4 of this Annual Report.

Statement Accompanying Notice of Annual General Meeting (Cont'd)

DETAILS ON DIRECTORS WHO ARE STANDING FOR RE-ELECTION**Particulars of Directors:****Tan Sri Dato' Dr. Sak Cheng Lum**

Gender: Male

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 74

Appointed Date: 1 March 2000

Tan Sri Dato' Dr. Sak Cheng Lum graduated with a Degree in Medicine from the University of Singapore in 1968, and served as a medical officer in the government service before going into private practice. His commitments to the nation can be seen from his former appointments including his election as the State Assemblyman under the Barisan National party for the seat of Bagan Jermal in Penang, appointments as Penang State Executive Councillor, Senator and Parliamentary Secretary of Ministry of Domestic Trade and Consumer Affairs. He is Chairman of the board of trustees of UTAR Education Foundation. He is also the Chairman of Audit, Remuneration and Nomination Committee of Amverton Berhad. Tan Sri Dato' Dr. Sak was appointed to the Board of Hil on 16 February 2007 as an Independent Director. He is also a member of Audit Committee of Hil. Tan Sri Dato' Dr. Sak was appointed as an Independent Director on the Board of Xinghe Holdings Berhad from 6 August 2013 to 31 August 2016. Tan Sri Dato' Dr. Sak was appointed as an Independent Non-Executive Chairman of Eversafe Rubber Berhad ("Eversafe") on 30 May 2016. He is also a member of Audit Committee and Chairman of both Remuneration Committee and Nominating Committee in Eversafe. Tan Sri Dato' Dr. Sak does not have any interest in the securities of the Company, neither does he have any family relationship with any Director and/or major shareholder of the Company.

Mat Ripen Bin Mat Elah

Gender: Male

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 78

Appointed Date: 9 September 2000

En. Mat Ripen Bin Mat Elah graduated from National Chengchi University Taiwan with a Bachelor of Laws L.L.B (Taiwan). He has served in various capacities in UMNO, and was formerly a political secretary to Chief Minister of Selangor. En. Mat Ripen was appointed to the Board of Hil on 20 February 2004 as an Independent Director. He is also the member of Audit, Remuneration and Nomination Committee of the Company. En. Mat Ripen does not have any interest in securities of the Company, neither does he have any family relationship with any Director and/or any major shareholder of the Company.

Tan Jiu See

Gender: Female

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 58

Appointed Date: 20 July 2004

Ms. Tan Jiu See holds a Bachelor of Economics and Bachelor of Laws Degree from the Australian National University. She is presently a legal practitioner. Ms. Tan Jiu See does not have any interest in the securities of the Company, neither does she have any family relationship with any Director and/or major shareholder of the Company.

Ooi Hun Yong

Gender: Male

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 38

Appointed Date: 2 April 2018

Mr Ooi Hun Yong was appointed to the Board on 2 April 2018. He graduated with a Bachelor of Commerce (Accounting & Finance) from the University of Sydney, Australia. He is also a member of the Malaysian Institute of Accountants (MIA), the Institute of Internal Auditors Malaysia as well as CPA Australia. Mr Ooi has over 14 years of experience in the field of corporate planning and finance covering mergers and acquisitions, fund raising exercises and financial structuring. He was appointed to the Board of I-Berhad on 1 November 2016 as independent non-executive director and is currently the Chairman of the Audit, Nominating and Remuneration Committees of I-Berhad. He was formerly the Chief Financial Officer of Green Ocean Corporation Bhd, which he joined in 2012. In 2014, he was appointed as Head of Commercial & Economics of DNEX Petroleum Sdn. Bhd., a subsidiary of Dagang Nexchange Berhad and left the Group in 2016. His notable achievements included structuring the acquisition and sale and leaseback of directional drilling tools with Baker Hughes as well as structuring the acquisition of Ping Petroleum during his tenure with DNEX Petroleum. He was also instrumental in completing the fund raising exercise for Green Ocean Corporation Bhd. Mr. Ooi, hold 50,000 ordinary shares in Amverton Berhad, he does not have any family relationship with any Director and/or any major shareholder of the Company.

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Ir. Ng Boon Thong
@ Ng Thian Hock
(Chairman)

Dato' Setia Abdul Halim Bin
Dato' Haji Abdul Rauf
(Deputy Chairman)
(Demised on 10.3.2018)

Dato' Ambrose Leonard Ng Kwee Heng
(Resigned as Managing Director on
22.1.2018)

Puan Sri Datin Catherine Yeoh Eng Neo
(Executive Director)

Tan Sri Dato' Dr. Sak Cheng Lum
(Independent Non - Executive Director)

Datuk Ng Thian Kwee
(Executive Director)

Mat Ripen Bin Mat Elah
(Independent Non - Executive Director)

Tan Jiu See
(Independent Non - Executive Director)

Dato' Milton Norman Ng Kwee Leong
(Redesignated as Managing Director on
22.1.2018)

Steven Junior Ng Kwee Leng
(Executive Director)

Malcolm Jeremy Ng Kwee Seng
(Executive Director)

Ooi Hock Guan
(Independent Non - Executive Director)

Ooi Hun Yong
(Independent Non-Executive Director)
(Appointed on 2.4.2018)

AUDIT COMMITTEE

Tan Sri Dato' Dr. Sak Cheng Lum
(Chairman)

Mat Ripen Bin Mat Elah

Ooi Hock Guan

NOMINATING COMMITTEE

Tan Sri Dato' Dr. Sak Cheng Lum
(Chairman)

Mat Ripen Bin Mat Elah

Dato' Ambrose Leonard Ng Kwee Heng
(Resigned on 22.1.2018)

Dato' Milton Norman Ng Kwee Leong
(Appointed on 22.1.2018)

REMUNERATION COMMITTEE

Tan Sri Dato' Dr. Sak Cheng Lum
(Chairman)

Mat Ripen Bin Mat Elah

Dato' Ambrose Leonard Ng Kwee Heng
(Resigned on 22.1.2018)

Dato' Milton Norman Ng Kwee Leong
(Appointed on 22.1.2018)

COMPANY SECRETARY

Cheam Tau Chern (MIA 18593)

REGISTERED OFFICE

PD Professional Advisory Sdn. Bhd.
No 22C, Jalan Gelugor,
41050 Klang,
Selangor Darul Ehsan.
Tel : +603-3342 0608

BUSINESS OFFICE

10th Floor, Menara Amverton,
Garden Business Centre,
No. 3, Jalan Istana,
41000 Klang,
Selangor Darul Ehsan.
Tel : +603-3373 2888
Fax : +603-3372 8858

REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : +603-2783 9299
Fax : +603-2783 9222

Tricor's Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

AUDITORS

HLB Ler Lum, Chartered Accountant,
A Member of HLB International

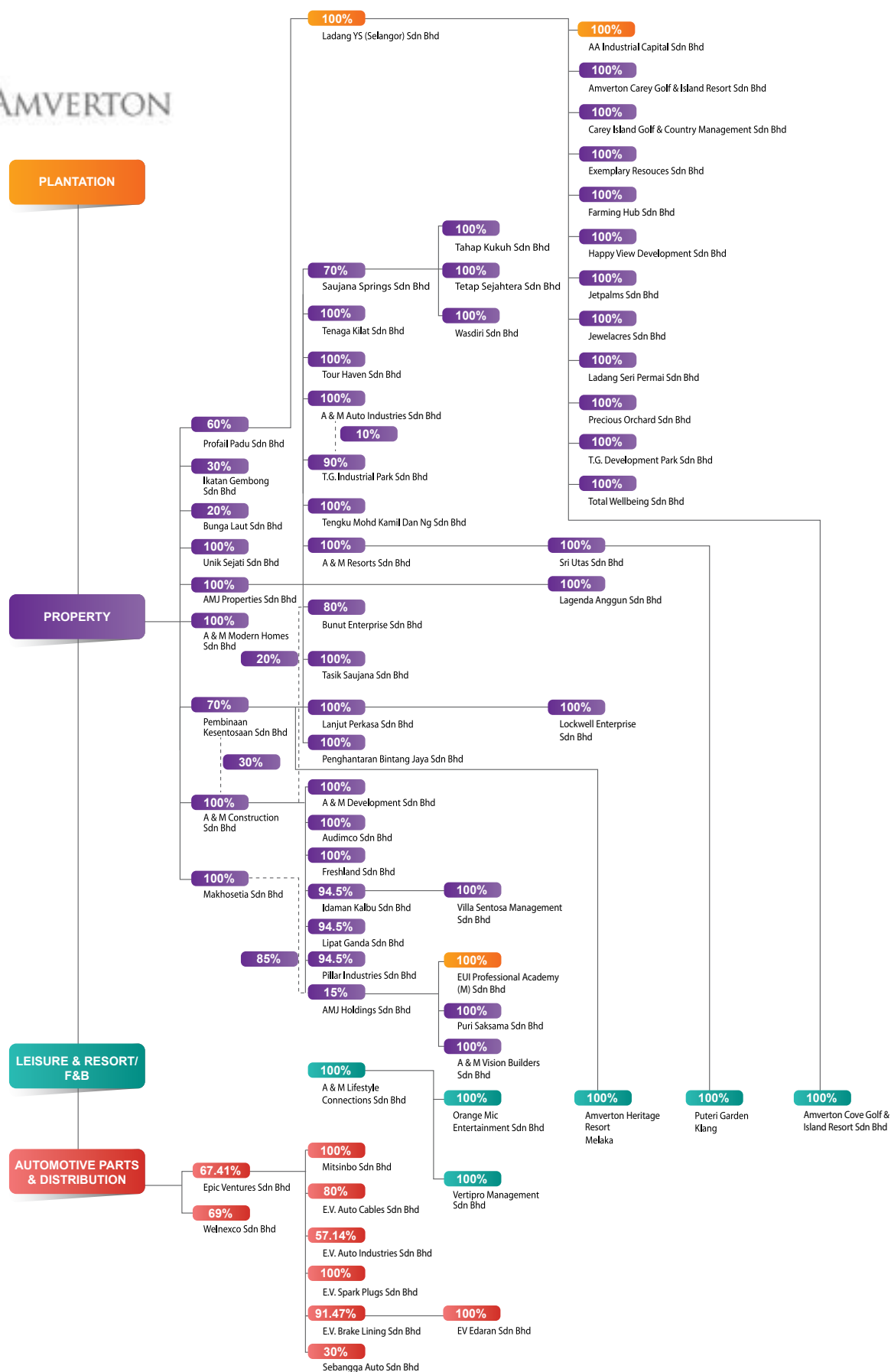
PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

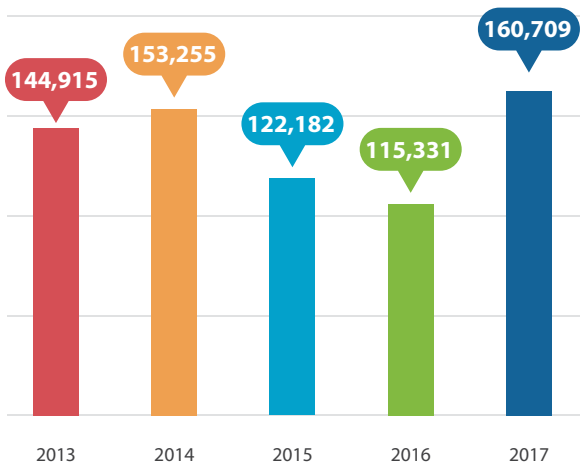
Main Market of Bursa Malaysia
Securities Berhad
Stock Name : AMVERTON
Stock Code : 5959
Sector : Properties
Listing Date : 20 January 1995

AMVERTON

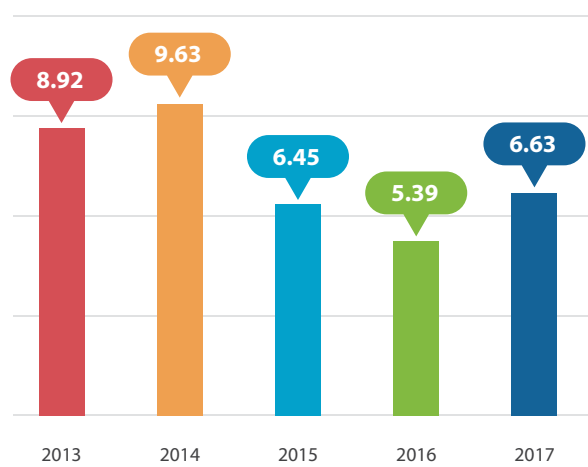


Group Financial Highlights

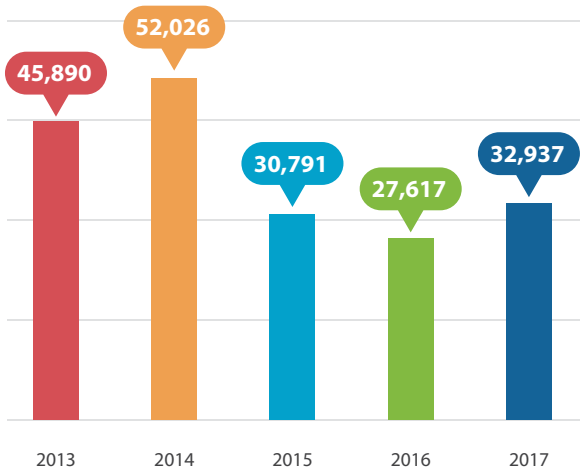
Turnover (RM'000)



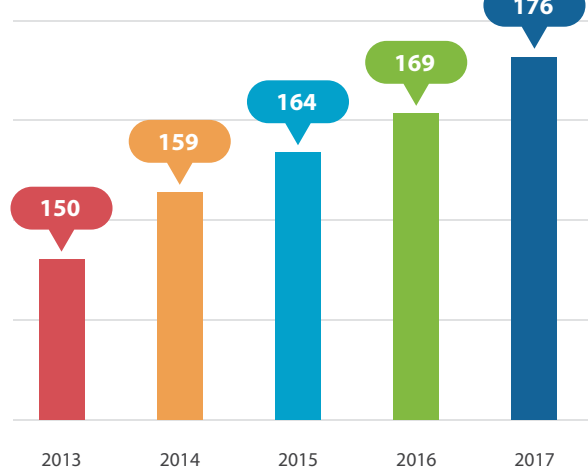
Net Earnings Per Share (Sen)



Profit Before Tax (RM'000)



Net Assets Per Share (Sen)



Financial year ended 31st December	2013 (RM'000)	2014 (RM'000)	2015 (RM'000)	2016 (RM'000)	2017 (RM'000)
Turnover	144,915	153,255	122,182	115,331	160,709
Profit before tax	45,890	52,026	30,791	27,617	32,937
Profit after tax attributable to owners of the Company	32,556	35,148	23,536	19,682	24,190
Equity attributable to owners of the Company	549,300	578,937	596,997	616,679	640,869

Financial year ended 31st December	2013 (Sen)	2014 (Sen)	2015 (Sen)	2016 (Sen)	2017 (Sen)
Net earnings per share	8.92	9.63	6.45	5.39	6.63
Dividend per share	0.00	1.50	1.50	0.00	0.00
Net assets per share	150	159	164	169	176

Management Discussion & Analysis

GROUP BUSINESS AND OPERATION OVERVIEW

Amverton Berhad (Formerly Known as A & M Realty Berhad) ("AMVERTON" or "the Group") is an investment holding company listed on the Malaysian Stock Exchange on 20 January 1995. From its core business of property development and construction, the Group's business activities have since diversified and expanded to include hotels and resorts, plantations as well as the distribution of automotive parts and accessories.

AMVERTON BERHAD

(177214-H) (Formerly Known as A & M Realty Berhad)



ECONOMIC OVERVIEW

The Malaysian economy performed exceptionally well last year, driven by a resilient domestic demand due to the improvements in both investment and consumption whilst being reinforced by a steady global demand. The Malaysian economy advanced 5.9% year-on-year in the December quarter of 2017, compared to a 6.2% growth in the previous three months and beating market consensus of a 5.7% expansion. Private consumption, investment, and exports increased at softer paces while government spending accelerated. For the whole year of 2017, the economy grew 5.9% (2016: 4.2%), the most in the last three years. Nevertheless, the property market remained soft due to various factors such as the gap between consumer spending and asking prices of the properties as well as the stringent lending policies by the financial institutions.

FINANCIAL REVIEW

Against a challenging operating environment, we are pleased to report that the Group recorded an increased revenue of RM160.71 million for the year ended 31 December 2017, while our profit before taxation stood at RM32.94 million.

The Group's operating revenue for the financial year under review grew by 39.35% as compared to RM115.33 million recorded in the previous financial year. Profit before taxation increased by 19.26% to RM32.94 million from RM27.62 million in 2016. Meanwhile, profit after tax attributable to owners of the Company rose by 22.92% to RM24.19 million, an increase from RM19.68 million in the previous financial year. The improved revenue and profit results were largely attributable to the higher sales generated from the Group's two property development projects, namely, Amverton Links and Amverton Hills.

The Group's recorded total assets and total liabilities amounted to RM886.29 million and RM220.50 million respectively while the equity attributable to owners of the Company stood at RM640.87 million. For the year under review, the Group registered a basic earnings per share of 6.63 sen (2016: 5.39 sen) and a net assets per share of RM1.76 (2016: RM1.69).

Liquidity and Capital Resources

Cost optimisation across the Group has improved during the year through our profitability enhancing initiatives that had brought about a positive impact to our liquidity position.

As at 31 December 2017, our cash and cash equivalents totaled RM71.09 million as compared to last year, RM64.11 million. The net cash generated from operations was RM14.57 million of which approximately RM4.76 million was reinvested in capital expenditure. The additional capital cost incurred was mainly for the refurbishment of the Group's hotel in Melaka, namely Amverton Heritage Resort.

Management Discussion & Analysis (Cont'd)

Liquidity and Capital Resources (Cont'd)

Overall, AMVERTON is confident that its existing financial position is sufficient to finance its current and future development plans. The group will continue to self finance any capital expenditure and working capital requirements needed in the near future.

Gearing

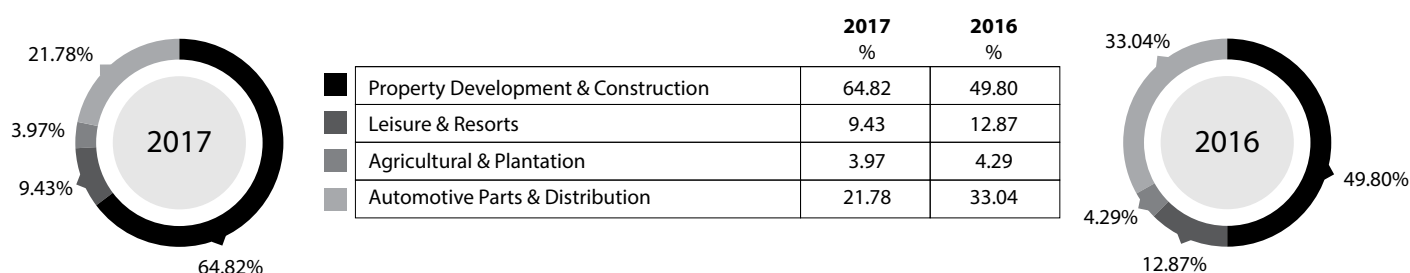
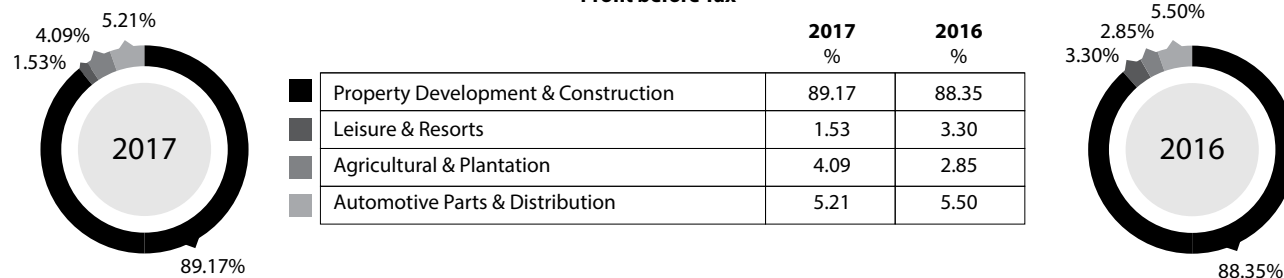
The Group continues to fund all its projects internally with zero property gearing. The total Group loans, generated solely from finance lease facilities reduced from RM900 thousand as at 31 December 2016 to RM679 thousand as at 31 December 2017.

Dividend

Given the competitive market environment where the property industry as a whole is facing persistent headwinds, and in line with our Group direction of zero property gearing, the Board of Directors does not recommend any payment of dividends for the financial year ended 31 December 2017 in order to conserve the Group's financial resources for capital expenditure and working capital requirements.

OPERATIONAL REVIEW

For the financial year ended 31 December 2017, I am pleased to report that the performances of the respective divisions are as follows:-

Segmental Analysis**Operation Revenue****Profit before Tax****PROPERTY DEVELOPMENT & CONSTRUCTION SERVICES DIVISION**

This division continues to be the main source of revenue and earnings for the Group, by contributing 64.82% (2016: 49.80%) and 89.17% (2016: 88.35%) of the Group's total revenue and profit before tax for 2017.

The division registered an increase of 81.40% in revenue to RM104.18 million for the financial year under review as compared to RM57.43 million in the previous year. While the profit before tax increased by 20.37% to RM29.37 million for 2017 as compared to RM24.40 million in 2016.

The success of Amverton Links, a development project in Sg Jati, Klang and the launching of new projects at Amverton Hills, Sungai Buloh during the financial year under review have contributed significantly to the division's performance in 2017.

Management Discussion & Analysis (Cont'd)

Upcoming Projects

Following the increasing popularity of Amverton Cove Golf & Island Resort in Carey Island, the Group has planned to construct 250 units of serviced apartments targeted to be launched in 2018, spearheading the number of projects in the pipeline to be launched within the next few years in Carey Island. The Group is confident that its projects in Carey Island will do very well and become a successful integrated township with mixed commercial and residential properties, as well as retail and leisure amenities. These future projects in Carey Island are expected to contribute to the Company's long term revenue and profit sustainability.



AGRICULTURAL/PLANTATION DIVISION

Price of crude palm oil ("CPO") improved considerably in 2017. The higher FFB production coupled with higher CPO prices had led to this division recording a higher revenue and profit before tax of RM6.38 million and RM1.35 million respectively as compared to RM4.95 million and RM0.79 million in the preceding year.

However the plantation segment is expected to show lower profit in 2018 in anticipation of lower CPO prices mainly due to the negative sentiments surrounding the ban of crude palm oil in the European Union.

The management, nevertheless, will continue to implement the industry's best practices to ensure maximum sustainable FFB output in 2018.



LEISURE AND RESORT DIVISION

The division recorded a higher revenue of RM15.15 million with a lower PBT of RM0.51 million for 2017, representing an increase of 2.05% in revenue and a reduction of 44.60% in PBT respectively as compared to 2016. The sales performance of Amverton Heritage Resort ("AHR") hotel in Melaka has begun to improve in by Q3 2017 after most of its major refurbishment was completed. The major refurbishment was initiated in late 2016 and refurbishment works were done in allowable stages so as not to close the hotel. The lower profit for 2017 was mainly due to the impact from the major refurbishment, marketing activities and rebranding exercise of AHR.

Moving forward, the Group expects the sales from hotel & leisure related services segment to improve further with the refurbishment works of AHR being at the tail end. In view of the new developments in coming years at Carey Island, the Group also expects the division to contribute positively to the Group's results in the near future.

AUTOMOTIVE PARTS AND DISTRIBUTION DIVISION

The division recorded an increase of 12.90% in profit to RM1.71 million for the financial year under review (2016: RM1.52 million) on the back of a slight decrease in revenue to RM35.00 million (2016: RM38.11 million). Despite the drop in turnover, the division recorded higher profit as compared to the previous year was mainly due to the management's stringent cost control measurement and better profitability contribution from its renewed product mix.

Amidst the competitive and vibrant market environment for automotive industry, the management will continue to enhance the profitability of the Group by focusing on product mix with higher margin and continuously improve the operational delivery using technology capabilities to achieve cost efficiency and productivity. The division will, through its competitive and innovative sales incentives, seek aggressively in not only maintaining our existing market share but to capture new markets and new customers with the ultimate aim of increasing sales and its corresponding profit margins.

OUTLOOK OF FUTURE PROSPECTS

The Malaysian economy as a whole is expected to grow at 5.4% this year, again driven by domestic demand, which in turn is projected to grow at 5.2%. The private sector, both consumers and producers, is anticipated to continually provide impetus for domestic demand.

Despite the higher economic GDP recorded in 2017, the property market remained flat and unattractive. It would seem that 2018 would continue to be another challenging year for the real estate industry. No doubt consumer sentiment has improved over the past few quarters, but many factors still contribute to the slow take up rate of residential as well as commercial properties. The increase of unsold high rise units, higher standards of living as well as tight financing policies have led to the property market to slowly enter into a downward trend. Nevertheless, there are some signs of positivity ahead, with overall consumer sentiment being expected to improve over the

Management Discussion & Analysis (Cont'd)

OUTLOOK OF FUTURE PROSPECTS (CONT'D)

year. Properties in certain locations such as Rawang, Shah Alam, Ijok, Semenyih and Kota Kemuning are also expected to continue to gain momentum. This is a positive sign for the AMVERTON Group, as the majority of its landbank are still within the Klang Valley. The strengthening of the Ringgit against major world currencies is another positive sign for the property market in 2018.

External factors albeit International or domestic, will definitely have an impact on the property industry for 2018, even though Malaysia's home market is already entering its correction phase. The AMVERTON Group's performance and profitability will as such be subject to many external factors, as property remains the Group's primary source of income. The Group will however, try to ensure that the right products will be offered to the general market. The Valuation and Property Services Department, which is part of the Finance Ministry, noted that properties within the RM400,000 to RM500,000 were the most saleable. Property developers have also introduced new marketing strategies such as easy payment schemes to help ease the burden of property buyers.

NOTE OF APPRECIATION

AMVERTON's progress would not have been possible without the efforts of so many. As we embark on another challenging year, I would like to thank all who have been an integral part of our success.

I wish to thank our Board members for their continuous support and invaluable guidance. On behalf of the Board, I would like to convey our deep appreciation for the hard work and dedication of the management and staff for their outstanding efforts during the year. I would also like to take this opportunity to congratulate Dato' Milton Norman on his appointment as our new Managing Director on 22 January 2018.

I also wish to take this opportunity to inform you of the sudden demise of our deputy chairman, Dato' Setia Abdul Halim on 10 March 2018. Our heartfelt condolences to Datin Setia Noralis Binti Abdullah and her family. The late Dato' Setia Abdul Halim has been a director in Amverton Berhad since 1 February 2002 and deputy chairman since 24 April 2002. He was not only a trustworthy friend but also a dedicated colleague and member of the Board who strive for nothing but excellence. He will be sorely missed.

To our shareholders, we are grateful for the immense support, which we are committed to reciprocate with enhanced shareholder value.

We would also like to thank our valued customers, suppliers, partners, bankers along with the relevant authorities in Malaysia and internationally, who have played an instrumental part in our achievements over the years.

Profile of Board of Directors

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock

Gender: Male

Nationality: Malaysian

Directorship: Executive Chairman (Non-Independent and Executive Director)

Age: 70

Appointed Date: 22 November 1994

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock graduated with an Honours Degree in Civil Engineering from the University of Malaya. Prior to founding the Company, he began his career in 1970 as an engineer in Perbadanan Urus Air Selangor Berhad before appointed as a Municipal Councillor of Majlis Perbandaran Klang to assist in the development and growth of the Klang district. He was also the State Executive Councillor for the Selangor Government, State Assemblyman for the Barisan Nasional Party for the Selat Klang and Pandamaran constituencies and a Senator for the Government. Tan Sri Dato' Ng was appointed to the Board of Hil Industries Berhad ("Hil") on 4 July 2002 as Executive Chairman. Tan Sri Dato' Ng is a substantial shareholder of the Company. He is the spouse of Puan Sri Datin Catherine Yeoh Eng Neo, father of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng. He is also the brother of Datuk Ng Thian Kwee.

Puan Sri Datin Catherine Yeoh Eng Neo

Gender: Female

Nationality : Malaysian

Directorship : Non-Independent and Executive Director

Age: 71

Appointed Date: 2 July 2009

Puan Sri Datin Catherine Yeoh Eng Neo holds a Bachelor of Arts majoring in Economics from University of Malaya. Puan Sri Datin Catherine Yeoh Eng Neo is a substantial shareholder of the Company by virtue of her spouse' and sons' shareholdings. She is the spouse of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and mother of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng.

Tan Sri Dato' Dr. Sak Cheng Lum

Gender: Male

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 74

Appointed Date: 1 March 2000

Tan Sri Dato' Dr. Sak Cheng Lum graduated with a Degree in Medicine from the University of Singapore in 1968, and served as a medical officer in the government service before going into private practice. His commitments to the nation can be seen from his former appointments including his election as the State Assemblyman under the Barisan National party for the seat of Bagan Jermal in Penang, appointments as Penang State Executive Councillor, Senator and Parliamentary Secretary of Ministry of Domestic Trade and Consumer Affairs. He is Chairman of the board of trustees of UTAR Education Foundation. He is also the Chairman of Audit, Remuneration and Nomination Committee of Amverton Berhad. Tan Sri Dato' Dr. Sak was appointed to the Board of Hil on 16 February 2007 as an Independent Director. He is also a member of Audit Committee of Hil. Tan Sri Dato' Dr. Sak was appointed as an Independent Director on the Board of Xinghe Holdings Berhad from 6 August 2013 to 31 August 2016. Tan Sri Dato' Dr. Sak was appointed as an Independent Non-Executive Chairman of Eversafe Rubber Berhad ("Eversafe") on 30 May 2016. He is also a member of Audit Committee and Chairman of both Remuneration Committee and Nominating Committee in Eversafe. Tan Sri Dato' Dr. Sak does not have any interest in the securities of the Company, neither does he have any family relationship with any Director and/or major shareholder of the Company.

Datuk Ng Thian Kwee

Gender: Male

Nationality: Malaysian

Directorship: Non-Independent and Executive Director

Age: 56

Appointed Date: 22 November 1994

Datuk Ng Thian Kwee holds an Honours Degree in Bachelor of Science (Engineering) and Master Degree in Construction, both from United Kingdom. He has vast experience in handling development and construction projects. At present, he oversees the development and construction operations of the Group. Datuk Ng does not have any interest in the securities of the Company. He is the brother of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and uncle of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng.

Profile of Board of Directors (Cont'd)

Mat Ripen Bin Mat Elah

Gender: Male

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 78

Appointed Date: 9 September 2000

En. Mat Ripen Bin Mat Elah graduated from National Chengchi University Taiwan with a Bachelor of Laws L.L.B (Taiwan). He has served in various capacities in UMNO, and was formerly a political secretary to Chief Minister of Selangor. En. Mat Ripen was appointed to the Board of Hil on 20 February 2004 as an Independent Director. He is also the member of Audit, Remuneration and Nomination Committee of the Company. En. Mat Ripen does not have any interest in securities of the Company, neither does he have any family relationship with any Director and/or any major shareholder of the Company.

Tan Jiu See

Gender: Female

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 58

Appointed Date: 20 July 2004

Ms. Tan Jiu See holds a Bachelor of Economics and Bachelor of Laws Degree from the Australian National University. She is presently a legal practitioner. Ms. Tan Jiu See does not have any interest in the securities of the Company, neither does she have any family relationship with any Director and/or major shareholder of the Company.

Dato' Milton Norman Ng Kwee Leong

Gender: Male

Nationality: Malaysian

Directorship: Managing Director (Non-Independent and Executive Director)

Age: 47

Appointed Date: 2 July 2012

Dato' Milton Norman Ng Kwee Leong was appointed to the Board of Director on 2 July 2012. Dato' Milton Ng graduated with an Honours Degree in Law from the University of Western Australia in 1994. After graduating, he spent 9 months doing his pupillage in the legal office of Shearn Delamore and was admitted to the Malaysian Bar as an Advocate and Solicitor in May 1995. He spent a further 6 months in Shearn Delamore before joining Hil in December 1995 as general manager where he was responsible for the day-to-day operations of the Company. Dato' Milton Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Ambrose Leonard Ng Kwee Heng, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng and nephew of Datuk Ng Thian Kwee.

Steven Junior Ng Kwee Leng

Gender: Male

Nationality: Malaysian

Directorship: Non-Independent and Executive Director

Age: 37

Appointed Date: 20 July 2004

Mr. Steven Junior Ng Kwee Leng holds a Bachelor of Commerce Degree majoring in Finance and Marketing with a minor in Business Law, from University of Western Australia. Prior to his appointment as Executive Director, he was the General Manager of the Group. At present, he oversees the sales and marketing operations of the Group. Mr. Steven Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is also the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong and Mr. Malcolm Jeremy Ng Kwee Seng and nephew of Datuk Ng Thian Kwee.

Profile of Board of Directors (Cont'd)

Malcolm Jeremy Ng Kwee Seng

Gender: Male

Nationality: Malaysian

Directorship: Non-Independent and Executive Director

Age: 32

Appointed Date: 15 September 2008

Mr. Malcolm Jeremy Ng Kwee Seng graduated with double degrees majoring in Accounting and Law from Murdoch University, Western Australia in 2008. Mr. Malcolm Ng was appointed to the Board of Hil on 8 September 2008. After graduating, he had spent a brief period in MIMB Investment Bank Bhd before joining the Group. Currently, he oversees the finance and accounting operations of the Group. Mr. Malcolm Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Tian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong and Mr. Steven Junior Ng Kwee Leng and nephew of Datuk Ng Tian Kwee.

Ooi Hock Guan

Gender: Male

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 52

Appointed Date: 26 February 2009

Mr. Ooi Hock Guan holds a degree in Economics from the University of Leicester, United Kingdom and is a Professional Member of the Institute of Internal Auditors Malaysia. After graduating, he has spend a total of 14 years with Royal Selangor Pewter and GCH Retail (Malaysia) Sdn. Bhd. (Giant Hypermarket) specializing in Internal Audit and Finance before joining the Group. He is a member of the Audit Committee of the Company. Mr. Ooi was appointed to the Board of Hil on 26 February 2009 as an Independent Director. He is also a member of Audit Committee of Hil. Mr. Ooi does not have any interest in the securities of the Company, neither does he have any family relationship with any Director and/or major shareholder of the Company.

Ooi Hun Yong

Gender: Male

Nationality: Malaysian

Directorship: Independent and Non-Executive Director

Age: 38

Appointed Date: 2 April 2018

Mr Ooi Hun Yong was appointed to the Board on 2 April 2018. He graduated with a Bachelor of Commerce (Accounting & Finance) from the University of Sydney, Australia. He is also a member of the Malaysian Institute of Accountants (MIA), the Institute of Internal Auditors Malaysia as well as CPA Australia. Mr Ooi has over 14 years of experience in the field of corporate planning and finance covering mergers and acquisitions, fund raising exercises and financial structuring. He was appointed to the Board of I-Berhad on 1 November 2016 as independent non-executive director and is currently the Chairman of the Audit, Nominating and Remuneration Committees of I-Berhad. He was formerly the Chief Financial Officer of Green Ocean Corporation Bhd, which he joined in 2012. In 2014, he was appointed as Head of Commercial & Economics of DNEX Petroleum Sdn. Bhd., a subsidiary of Dagang Nexchange Berhad and left the Group in 2016. His notable achievements included structuring the acquisition and sale and leaseback of directional drilling tools with Baker Hughes as well as structuring the acquisition of Ping Petroleum during his tenure with DNEX Petroleum. He was also instrumental in completing the fund raising exercise for Green Ocean Corporation Bhd. Mr. Ooi, hold 50,000 ordinary shares in Amverton Berhad, he does not have any family relationship with any Director and/or any major shareholder of the Company.

Profile of Board of Directors (Cont'd)

OTHER INFORMATION

- (a) None of the Directors has any conflict of interest with the Company and none has been convicted of any offences in the past five years.
- (b) By virtue of their interests in the Company, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng are also deemed to be interested in the shares of all the subsidiaries to the extent of the Company's interests in the respective subsidiaries. In addition, their direct and indirect interests in the share capital of the subsidiaries during the financial year were as follows:

	Balance at 1.1.2017	Number of ordinary shares		Balance at 31.12.2017
		Acquired	Disposed	
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng				
- deemed interest				
Idaman Kalbu Sdn. Bhd.	74,250	-	-	74,250
Lipat Ganda Sdn. Bhd.	99,046	-	-	99,046
Pillar Industries Sdn. Bhd.	161,910	-	-	161,910
Profail Padu Sdn. Bhd.	1,600,000	-	-	1,600,000
Dato' Ambrose Leonard Ng Kwee Heng				
- direct interest				
Epic Ventures Sdn. Bhd.	1,435,127	-	-	1,435,127

Key Senior Management Team

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock

Executive Chairman (Non-Independent and Executive Director)

- Active role in board of directors and providing strategic oversight of business
- Graduated with Honours Degree in Civil Engineering from the University of Malaysia.
- Appointed to the board in 1994

Dato' Milton Norman Ng Kwee Leong

Managing Director (Non-Independent and Executive Director)

- Responsible for the performance of the Group, strategic planning and corporate affairs
- Graduated with Honours Degree in Law from the University of Western Australia
- Appointed to the board in 2012

Steven Junior Ng Kwee Leng

Non-Independent and Executive Director

- Responsible for marketing and project management
- Graduated with Bachelor of Commerce Degree majoring in Finance and Marketing with a minor in Business Law from University of Western Australia
- Appointed to the board in 2004

Malcolm Jeremy Ng Kwee Seng

Non-Independent and Executive Director

- Responsible for managing corporate finance
- Graduated with double degrees majoring in Accounting and Law from Murdoch University, Western Australia
- Appointed to the board in 2008

Dato' Ambrose Leonard Ng Kwee Heng

Advisor

Gender: Male

Nationality: Malaysian

Age: 50

- Offers advice and guidance to the management
- Graduated with a Bachelor of Commerce Degree from the University of Western Australia
- Appointed as advisor on 1 February 2018

Dato' Ambrose Leonard Ng Kwee Heng graduated with a Bachelor of Commerce from the University of Western Australia. Being a Chartered Accountant, he is also a member of the Malaysian Institute of Accountants (MIA) and also a Fellow Member of Certified Practising Accountants (FCPA). He has vast experience in the property and construction industry, having hands-on involvement in the management, financial and project management of the Group prior to his resignation as Managing Director of AMVERTON. In addition, he was formerly Deputy Chairman of Selangor Real Estate and Housing Developers' Association Malaysia and Chairman of Klang/Shah Alam Zone Committee. Dato' Ambrose Ng is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and Puan Sri Datin Catherine Yeoh Eng Neo, brother of Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng and nephew of Datuk Ng Thian Kwee.

None of the above key senior management team has any conflict of interest with the Company and none has been convicted of any offences in the past five years.

Profiles of above key senior management team are stated in the "Profile of Board of Directors" of this Annual Report.

Corporate Governance Overview Statement

The Corporate Governance Overview Statement is made pursuant to paragraph 15.25(1) of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guidance was drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities.

The Board is pleased to report on the application of the Recommended Practices of the Malaysian Code on Corporate Governance ("MCCG") as required under the MCCG and the MMLR of Bursa Securities during the financial year under review.

The application of the each practice set out in the MCCG during the financial year under review is disclosed under AMVERTON's Corporate Governance Report published on AMVERTON's corporate website at www.amverton.com as well as via an announcement on the website of Bursa Securities.

The Corporate Governance Overview Statement should be read in tandem with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Report).

The Board of Directors recognise the importance of good corporate governance and is committed to ensure that a high standard of corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Company and the Group.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment towards sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other better practices. AMVERTON has applied all the Practices encapsulated in MCCG for the financial year ended 31 December 2017 except:

- Practice 4.1 (Board to comprise at least half Independent Directors)

In line with the latitude accorded in the application mechanism of MCCG, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Group acknowledges the pivotal role played by the Board of Directors in the stewardships of its direction and operations. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals.

The Board is responsible for oversight of the Company. Key matters reserved for the Board's approval include the following:-

- Approval of financial results
- Declaration of dividend
- Annual business plan
- Acquisition or disposal of material fixed assets

To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to three (3) sub-committees (Audit, Nominating and Remuneration Committees). The details of the Audit Committee are set out on page 28 to 29 while the details of the Nominating and Remuneration Committees are set out below. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board. To meet the recommendations of the MCCG, the Board set up the Nomination Committee and Remuneration Committee on 29 March 2002.

The daily operations have been delegated to management. Management has been given the authority to decide on operation matters within certain set limits where quick decisions are important to the growth and success of the Company. Management is however accountable to the Board and must refer to the Board for decision where the matters are material and involves strategic decisions.

Directors' roles and responsibilities

The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of shareholders' value. The Board is primarily responsible for:

- Reviewing and adopting the strategic plans for the Group;
- Overseeing the conduct and performance of the Group to ensure they are being properly and appropriately managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing investor relations programme or shareholders communication policy for the Group; and
- Reviewing the adequacy and integrity of the Group's management information and internal control systems.

Corporate Governance Overview Statement (Cont'd)

Formalised Ethical Standards through Code of Ethics

The Directors continue to adhere to the Company Directors' Code of Ethics established which is based on principles in relation to integrity, compliance with legal and regulatory requirements and Company policies and accountability in order to enhance the high standards of corporate governance and behavior.

Strategies Promoting Sustainability

The Board has formulated a Sustainability Policy which sets out the business strategy that drives long-term corporate growth and profitability, by including environmental and social issues in the business model.

Disclosure on corporate social responsibility are presented under "Corporate Social Responsibility Statement" of this Annual Report and also published on Company's website at www.amverton.com.

Access to Information and Advice

All Board meetings are structured with a pre-set agenda. Board papers providing updates on operation, financial and corporate developments as well as minutes of meetings of the Board Committees are circulated 7 days prior to the meetings to give Directors time to deliberate on the issues to be raised at the meetings.

All the Directors have been granted unrestricted access to all information pertaining to the Group's business and affairs as well advice and services of the Company Secretaries in order to assist them in their decision making. Where necessary, the Directors may engage independent professionals, at the Group's expense, to advise them on specialized issues for the purpose of decision making.

Qualified and Competent Company Secretary

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary supports the Board in managing the Company's governance model, ensuring it is effective and relevant. The Company Secretary will monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectation.

During the year, the Company Secretary attended all Board meetings and ensure that the deliberations in terms of the issues discussed and decisions made thereof, were accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory regulations, Bursa Malaysia Listing Requirements or other regulatory requirements.

Board Charter

The Board Charter has been posted on the Company's website after the Board's approval for adoption. In the course of establishing a board charter, the Board recognises the importance to set out the key values, principles and ethos of the Company, as policies and strategy development are based on these considerations. The Board Charter is expected to include the division of responsibilities and powers between the Board and management as well as the different committees established by the Board.

STRENGTHEN COMPOSITION

Nominating Committee

Tan Sri Dato' Dr. Sak Cheng Lum (Independent and Non-Executive Director)-Chairman

Mat Ripen Bin Mat Elah (Independent and Non-Executive Director)

Dato' Milton Norman Ng Kwee Leong (Non-Independent and Executive Director)

The terms of reference of the Nominating Committee include:

- Annually review the required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should have;
- Assess on annual basis, the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Managing Director;
- Assess on annual basis, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. To retain as Independent Director, the Board must justify and seek annual shareholder's approval for a person who has serve in that capacity for more than nine (9) years; if the board continues to retain the independent director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process;
- Recommends to the Board, candidates for all directorship to be filled by shareholders or the Board, including those proposed by the Managing Director or any senior executives of the Company;
- Recommends to the Board, Directors to fill the seats on Board Committees; and
- Carry out its responsibilities with the assistance and services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the MMLR of the Bursa Securities or other regulatory requirements.

Corporate Governance Overview Statement (Cont'd)

STRENGTHEN COMPOSITION (CONT'D)

Nominating Committee (Cont'd)

In making its recommendations, the Nominating Committee should consider the candidates':

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

The Nominating Committee held one (1) meeting during the financial year ended 31 December 2017. During the year under review, the Nominating Committee carried out its duties in accordance with its Terms of Reference. These include:

- Review and assess the effectiveness of the Board as a whole and the Audit Committee;
- Review and assess the mix of skills, experience and competencies of each individual Director;
- Review and recommendation to the Board, the re-appointment of the Directors who will be retiring at the forthcoming AGM of the Company; and
- Review and recommendation to the Board, the retention of the Independent Non-Executive Directors in accordance with the MCGG.

Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The MCGG endorses as good practice, a formal procedure for appointments to the Board, with a Nominating Committee making recommendation to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that this responsibility be delegated to a committee.

In previous years, the appointment of any additional Director was made as and when deemed necessary by the existing Board with due consideration given to the mix of expertise and experience required for an effective Board. Pursuant to its set up on 29 March 2002, the Nomination Committee is responsible for making recommendations for any appointment to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

In respect of the appointment of Directors, the Company practices a clear and transparent nomination process which involves the following five (5) stages:

- Stage 1: Identification of candidates
- Stage 2: Evaluation of suitability of candidates
- Stage 3: Meeting up with candidates
- Stage 4: Final deliberation by the Nomination and Remuneration Committee
- Stage 5: Recommendation to the Board

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting after the appointment.

In accordance with the Constitution, one-third (1/3) of the remaining Directors, are required to submit themselves for re-election by rotation at each Annual General Meeting. In compliance with the MMLR of the Bursa Securities, which came into force on 1 June 2001, all Directors are required to submit themselves for re-election at least once every three (3) years. Directors over seventy years are no longer required to submit themselves for re-appointment annually under the Companies Act, 2016.

Practice 4.1 of MCGG requires at least half of the board comprises Independent Directors. For Large Companies, the board comprises a majority independent directors.

Gender Diversity Policy

Practice 4.5 of MCGG stated that Large Companies are required to have 30% women directors, other boards should also work towards achieving this target. The Board currently does not have a policy on boardroom diversity. Nonetheless, the Company already has two(2) female members on the Board.

DIRECTORS' REMUNERATION

The Company has set up the Remuneration Committee on 29 March 2002 as recommended by the MCGG to determine the remuneration for a Director so as to ensure that the Company attracts and retains the Directors needed to run the Company successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The members of the Remuneration Committee, comprising a majority of Non-Executive Directors, are as follows:

Tan Sri Dato' Dr. Sak Cheng Lum	(Independent and Non-Executive Director)-Chairman
Mat Ripen Bin Mat Elah	(Independent and Non-Executive Director)
Dato' Milton Norman Ng Kwee Leong	(Non-Independent and Executive Director)

Corporate Governance Overview Statement (Cont'd)

DIRECTORS' REMUNERATION (CONT'D)

The Remuneration Committee recommends to the Board the framework of the Executive Directors' remuneration and the remuneration package for each Executive Director in all its forms, drawing from outside advice if necessary. Executive Directors should play no part in decision on their own remuneration. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. The individuals concerned should obtain from discussion of their own remuneration. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.

The remuneration of Directors received on a group basis for the financial year ended 31 December 2017 with the detailed disclosure on named basis for the remuneration of individual Directors categorised into appropriate components as per Practice 7.1 of MCCG are as follows:

	Basic Salary	Bonus	Allowance	Fee	Employer EPF	2017 Total
EXECUTIVE DIRECTORS:						
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	726,000	-	-	-	-	726,000
Dato' Setia Abdul Halim Bin Dato' Abdul Rauf	12,000	-	-	48,000	-	60,000
Dato Ambrose Leonard Ng Kwee Heng	528,000	52,800	24,000	24,000	69,696	698,496
Puan Sri Datin Catherine Yeoh Eng Neo	-	-	24,000	-	-	24,000
Steven Junior Ng Kwee Leng	339,600	33,960	-	-	44,832	418,392
Malcolm Jeremy Ng Kwee Seng	216,000	21,600	24,000	-	28,512	290,112
Datuk Ng Thian Kwee	192,000	32,000	-	-	27,180	251,180
	2,013,600	140,360	72,000	72,000	170,220	2,468,180
NON-EXECUTIVE DIRECTORS:						
Tan Sri Dato' Dr Sak Cheng Lum	-	-	-	60,000	2,340	62,340
Mat Ripen Bin Mat Elah	-	-	-	12,000	-	12,000
	-	-	-	72,000	2,340	74,340
GRAND TOTAL	2,013,600	140,360	72,000	144,000	172,560	2,542,520

The remuneration paid to the top five (5) senior management disclosed on named basis in bands of RM50,000 for the financial year ended 31 December 2017 as per Practice 7.2 of MCCG are as follows:

Top Five (5) Senior Management	Range of Remuneration
Tan Sri Dato' Ir Ng BoonThong @ Ng Thian Hock	RM700,001 to RM750,000
Dato' Ambrose Leonard Ng Kwee Heng	RM650,001 to RM700,000
Steven Junior Ng Kwee Leng	RM400,001 to RM450,000
Datuk Ng Thian Kwee	RM250,001 to RM300,000
Malcolm Jeremy Ng Kwee Seng	RM250,001 to RM300,000

**Details of the remuneration for the above senior management are disclosed in the Director's Remuneration Disclosure.

REINFORCE INDEPENDENCE**Annual Assessment of Independence**

The Board, through the Nominating Committee, assesses the independence of the Independent Non-Executive Directors annually, taking into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

The Nominating Committee and the Board have determined at the annual assessment carried out that Ooi Hock Guan, who has served on the Board for a cumulative terms of more than nine (9) years; Tan Sri Dato' Dr. Sak Cheng Lum, Mat Ripen Bin Mat Elah and Tan Jiu See, who have served on the Board for a cumulative terms of more than twelve (12) years, remains objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the

Corporate Governance Overview Statement (Cont'd)

REINFORCE INDEPENDENCE (CONT'D)

Tenure of Independent Directors (Cont'd)

Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in monitoring and recommendations for implementation to enhance value to the Company and Group.

Tan Sri Dato' Dr. Sak Cheng Lum, Mat Ripen Bin Mat Elah, Tan Jiu See and Ooi Hock Guan have offered themselves for re-appointment as Directors of the Company at the forthcoming Twenty-Eighth Annual General Meeting. In view thereof, the Board has recommended that the approval of the shareholders be sought to retain them as Independent Non-Executive Directors of the Company. The Board should seek shareholders' approval through a two-tier voting process for continues to retain the independent directors who have served on the Board for a cumulative terms of more than twelfth years.

Separation of Position of the Chairman and Managing Director

There is a clear division of responsibility between the Chairman, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Tian Hock and the Managing Director, Dato' Milton Norman Ng Kwee Leong, to ensure there is a balance of power and authority.

MCCG recommends that the Chairman of the Board to be a non-executive and independent member of the Board. The Company's Chairman, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Tian Hock, is an executive member of the Board and is not an Independent Director by virtue of his substantial interest in the Group.

The Board believes that the Chairman is competent to act on behalf of the shareholders in their best interest and does not recommend the necessity of nominating an Independent Non-Executive Chairman at this juncture.

Board Composition and Balance

The Board currently has eleven (11) members, comprising five (5) Independent Non-Executive Directors and six (6) Executive Directors (including the Chairman and Managing Director). The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities. A brief description of the background of each Director is presented on pages 14 to 17.

However, Practice 4.1 of MCCG requires at least half of the board comprises Independent Directors. Currently our Board only comprises 45.45% (5/11) Independent Directors. AMVERTON will strive to adopt Practice 4.1 of the MCCG in future.

The Group is led and controlled by an experience Board, many of whom have intimate knowledge of business. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of shareholders.

There is balance in the Board because of the presence of five (5) Independent Non-Executive Directors who are of the caliber necessary to carry sufficient weight in Board decisions thus enabling adequate Board representation of the interest of minority shareholders. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

Tan Sri Dato' Dr. Sak Cheng Lum acts as the senior Independent Non-Executive Director. Any concerns concerning the Group may be conveyed to him.

FOSTER COMMITMENT

Time Commitment

The Board meets at least four (4) times a year, with additional meetings convened when necessary. All Board members bring an independent judgement to bear on issues of strategy, performance and resources and standard of conducts. The Non-Executive Directors are all independent. During the year ended 31 December 2017, five (5) Board Meetings were held. Every directors attended a majority of the Board meetings held during his/her tenure in the period. Details of the Board Meetings and the attendance of the Directors are disclosed in the Statement Accompanying Notice of Annual General Meeting on page 5-6. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

The Directors are required to submit an update on their other directorships and shareholdings to the Company Secretary. Such information is used to monitor the number of directorship held by the Directors. Each member of the Board must not hold more than five directorships in public listed companies. This is in compliance with the MMLR which states that Directors should not sit on the Boards for more than five listed companies to ensure that their commitment and have the time to focus and fulfill their roles and responsibility effectively.

Directors Training

As an integral element of the process of appointing new Directors, the Nomination Committee ensures that new Board members are given every opportunity to familiarise themselves with the structure, operations and types of businesses of the Group.

Corporate Governance Overview Statement (Cont'd)

FOSTER COMMITMENT (CONT'D)

Directors Training (Cont'd)

All the Directors have attended the Mandatory Accreditation Programme conducted by Research Institute of Investment Analysts Malaysia and completed the Continuing Education Programmes ("CEP") within the timeframe. The Board is regularly updated by the Company Secretary on the latest update/amendments on the MMLR of Bursa Securities and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities. The Directors will also attend training endorsed by Bursa Securities to keep abreast with developments in the capital markets.

The training programme and seminars attended by the Directors during the financial year ended 31 December 2017 includes:

Seminar / Workshop / Training	Organiser / Venue	Date
Advocacy Session on Corporate Governance Disclosure For Directors And Principal Officers of Listed Issuers	Bursa Malaysia Berhad, Exchange Square, KL	3 October 2017
Advocacy Sessions To Enhance Quality of Management Discussion & Analysis ("MD&A") For Chief Executive Officers ("CEO") And Chief Financial Officers ("CFO") of Listed Issuers	Bursa Malaysia Berhad, Exchange Square, KL	17 October 2017
2018 PKF Tax Seminar	PKF Avant Edge Sdn. Bhd., Sunway Putra Hotel, KL	16 November 2017

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects and to ensure that the financial statements are drawn up in accordance with the provision of Companies Act, 2016 and applicable accounting standards in Malaysia. This also applies to other price-sensitive public reports and reports to regulators. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Responsibility Statement by the Directors pursuant to MMLR of Bursa Securities is set out in this Annual Report.

In addition to the above, the Board has overall responsibility for maintaining a sound system of internal controls, which encompasses financial, operational, and compliance controls and risk management necessary for the Group to achieve its corporate objectives within an acceptable risk profile.

These controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Board recognises that risk cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets.

The unaudited financial report will be presented to the Audit Committee on a quarterly basis during audit committee meetings. After discussion and queries (if any), Audit Committee will then recommend that it be submitted to the Board of Directors for approval. During audit committee meetings, Audit Committee also meet up with the internal auditors and external auditors who would present their respective plans and reports. Audit Committee also meets up with internal auditors and external auditors individually for them to highlight any areas of concerns.

For the year under review the internal auditors and external auditors have not highlighted any area of concern.

Internal auditors adopts a risk based audit approach in auditing objectively to provide the assurance that risks are mitigated to acceptable levels. In carrying out their reviews, internal auditors makes reference to the Group's policies and procedures, established practices, MMLR and recommended industry practices.

Assessment of Suitability and Independence of External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. At least one of these meetings is held without the presence of the Executive Directors and the Management. The Audit Committee also meets with external auditors additionally whenever it deems necessary.

In this regard, the Audit Committee has assessed the independence of Messrs. HLB Ler Lum as external auditors of the Company. Having satisfied with their performance, technical competency and fulfillment of criteria of independent, the Audit Committee has recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming Annual General Meeting.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. The Board, in fulfilling their responsibilities, had set-up Audit Committee and outsourced the internal audit function of the Group to an independent consulting firm to assist the Board on these matters. Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out on pages 26 to 27 of the Annual Report. The Annual Audit Plan, Findings and Reports of the outsourced Internal Audit Function is presented directly to the Audit Committee during audit committee meetings. The audit committee would then evaluate and recommend that to the Board for approval.

Corporate Governance Overview Statement (Cont'd)

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the need to inform shareholders of all material business matters affecting the Company. The Company committed to provide shareholders with timely and equal dissemination of material information in order to enhance the transparency and accountability.

The Company has established a website – www.amverton.com for shareholders and the public to access for information, including the announcements made by the Company. The Company's website incorporate an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company, annual reports as well as the financial information of the Company.

The Company's website has a "Contact Us" section where shareholders and potential investors may direct their enquiries on the Company. The Company's customer services team will endeavour to reply to these queries in the shortest possible time.

The announcement of the quarterly financial result is also made via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company provides information to shareholders with regard to, amongst others, details of the Annual General Meeting, their entitlement to attend the Annual General Meeting, the right to appoint a proxy and also the qualification of a proxy.

A copy of the Annual Report and the notice of the AGM are sent to all shareholders at least 21 days before the AGM as required under the Company Act 2016 and MMLR, and notice of the AGM will be dispatched at least 28 days prior to the meeting pursuant to Practice 12.1 of the MCGG. The notice of AGM is also published in a nationally circulated daily newspaper. To further promote participation of members through proxy(ies), which is in line with the insertion of Paragraph 7.21 of the MMLR of Bursa Securities, the Company had sought shareholders' approval to amend its constitution to include explicitly the right of proxies to speak at general meetings, to allow a member who is an exempt authorized nominee to appoint multiple proxies for each omnibus account it holds and expressly disallow any restriction on proxy's qualification.

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with requirements of the MMLR of Bursa Securities pertaining to continuing disclosures, it also adopts the best practices as recommended in the MCGG with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the MMLR of Bursa Securities.

Another key avenue of communication with its shareholders is the Company's Annual General Meeting, which provides a useful forum for shareholders to engage directly with the Company's Directors. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors. Where appropriate, the Board will undertake to provide written answer to any questions that cannot be readily answered at the meeting.

POLL VOTING

Pursuant to Paragraph 8.29A of MMLR of Bursa Securities, all resolutions set out in the notice of any general meeting held on or after 1 July 2016 shall be voted by poll. An independent scrutineer will be appointed to validate the vote cast at general meeting. The outcome of the resolutions will be announced to Bursa Securities on the same day of the meeting.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("The Board") of Amverton Berhad (Formerly Known as A & M Realty Berhad) ("AMVERTON" or "the Group") is pleased to provide the following Statement on Risk Management and Internal Control, which outlines the nature and scope of internal controls in the Group during the year under review, in accordance to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD RESPONSIBILITY

The Board recognizes the importance of a sound risk management framework and internal control systems for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control system are reviewed on an ongoing basis.

The Board affirms its overall responsibility for the Group's internal contents system which encompasses risk management practices as well as financial, operational and compliance controls. In view of inherent risks, the Group's internal control systems are designed to manage and mitigate the effect rather than eliminate possible risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Board has established an organizational structure with clearly defined lines of authorities and job responsibilities to enhance accountability.

An informal risk management is carried out throughout the year, for identifying, evaluating, managing and reporting the significant risks that may be faced by the Group. The Board has empowered the Managing Director, who formed various task forces/project committee comprising Executive Directors/General Manager and key senior management personnel to assist him, in reviewing and managing the significant risks faced by the various operating units to achieve their respective business objectives of the Group. The Managing Director will inform the Board of any pertinent matters, which require decision-making at Board level.

The Managing Director and his senior management team, through their day-to-day involvement in the operations of the Group, ensure the ongoing maintenance, monitoring, reviewing and reporting arrangements have been put in place to provide reasonable assurance that the structure of controls and operations is appropriate to the Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit function had been outsourced to a professional firm IBDC (Malaysia) Sdn. Bhd. ("IBDC") since the last quarter of 2003 and it reports directly to the Audit Committee on a timely manner. The IBDC assists the Audit Committee, in obtaining sufficient assurance of regular review and appraisal of the effectiveness of the system of internal controls within the Group. The remit of the Group's internal audit function is set out to provide assurance to the Audit Committee that internal audit activities are performed with impartiality, proficiency and due professional care.

A high level assessment of the Group's business risk was carried out by the internal audit function to facilitate the preparation of internal audit plan. The audit plan was approved by the Audit Committee. The internal audit function is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. With the adoption of risk-based approach, the internal audit function is able to focus its work on principal risk areas and processes of the business operation units. The internal audit function undertakes systematic and timely review of the system of internal controls in order to provide reasonable assurance that operation of such controls, including system of compliance with applicable laws, regulations and guidelines are adequate, efficient and effective.

In its focus on continuous improvement for the Group, the internal audit function review critical key areas for improvement and thereafter assesses the extent of which its recommendations have been implemented.

The key features of the internal control system that were implemented during the financial year are as follows:

- Establish policies and procedures in place which are well communicated throughout the Group;
- Establish organisational structure;
- Clear lines of authorities and clearly defined responsibilities for all personnel of the Group. Strict authorisation and approval procedures have been established within top management;
- Regular and open communication between management, internal auditors and the Board on matters relating to risk and control;
- The Board takes into account significant aspects of internal control for the Group;

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

- Timely financial reporting in accordance with Approved Applicable Standards in Malaysia and other guidelines issued by the relevant authorities;
- Conducting monthly senior management meetings encompassing Directors and head of departments, focusing on principal risk affecting the Group's business objectives and to make decisions on important matters for the Group;
- Set up of ad hoc task force and project committees that are chaired periodically by Managing Director/Executive Director and attended by head of departments and executives, to manage critical matters that require close monitoring; and
- Computerised financial system to compile and consolidate data to generate monthly management reports, which assist management in identifying key changes and monitor performance.

During the financial year under review, the internal auditors reviewed the Group's system of internal control covering financial, accounting, operational and compliance controls. Although a number of internal control weaknesses were identified during this process, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

During the audit committee meetings, internal auditors presents to the Audit Committee with the results of their audit review, findings, recommendations and management's response in the form of an internal audit report. The Audit Committee will then deliberate on the internal audit report and then recommend that it be presented to the Board for approval.

Internal auditors will carry out follow-up reviews on the areas previously audited on the implementation on the audit recommendations. The result of this follow-up review is then reported to Audit Committee in the form of a follow-up audit report presented during audit committee meeting. Audit Committee will then deliberate, make queries if necessary and recommend it to be presented to Board for approval.

Further details of the activities of the internal audit function are provided in the "Audit Committee Report" of this Annual Report.

BOARD ASSESSMENT

The Board is satisfied that the Group's adequacy of the existing system of risk management and internal control which operates satisfactorily to prevent any significant breakdown or weakness that give rise to material losses incurred by the Group during the financial year under review.

The system of internal controls will continue to be reviewed, enhanced or updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal auditors. The Board is of the view that the current system of internal controls in place throughout the Group is sufficient to safeguard the shareholders' investment, interests of customers, employees and stakeholders, and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirement, the external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report of the financial year ended 31 December 2017 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the internal control systems. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Audit Committee Report

The Audit Committee was established by the Board of Directors of Amverton Berhad (Formerly Known as A & M Realty Berhad) ("AMVERTON" or "the Group") with the primary objective to assist the Board in fulfilling its fiduciary responsibilities relating to corporate governance, system of internal controls, risk management processes and management and financial reporting practices of the Group.

COMPOSITION OF THE AUDIT COMMITTEE

Tan Sri Dato' Dr. Sak Cheng Lum	(Independent and Non-Executive Director)-Chairman
Mat Ripen Bin Mat Elah	(Independent and Non-Executive Director)
Ooi Hock Guan	(Independent and Non-Executive Director)

NUMBER OF AUDIT COMMITTEE MEETINGS AND DETAILED OF ATTENDANCE

The Audit Committee comprises three (3) Independent Non-Executive Directors of the Board with Tan Sri Dato' Dr. Sak Cheng Lum as Chairman. The Company Secretary is responsible for ensuring meetings are arranged and held accordingly at least four times annually and duly minuted. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification. The Committee had five (5) meetings during the period, majority of the meetings were attended by all members. Other members of senior management and the Group's external auditors and internal auditors attended some of these meetings upon invitation by the Chairman of the Committee.

Details of Audit Committee meetings held at Conference Room, Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam during the financial year ended 31 December 2017 are as follow:

Name of Directors	No. of meeting attended/held	Percentage of Attendance (%)
Tan Sri Dato' Dr. Sak Cheng Lum	4/5	80%
Mat Ripen Bin Mat Elah	5/5	100%
Ooi Hock Guan	5/5	100%

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year under review, the Audit Committee has carried out the following works in accordance with its Terms of Reference to meet its responsibilities:-

1. Reviewed and monitored any related party transactions and conflict of interest situations including any transaction, procedure or course of conduct that raises questions of management integrity. They also ensure that the Directors report such transactions annually to shareholders via the annual report;
2. Reviewed the quarterly report to the Bursa Malaysia Securities Berhad ("Bursa Securities") and year end annual financial statements of the Group before submission to the Board, focusing on:
 - Going concern assumption
 - Compliance with accounting standards and regulatory requirements
 - Any changes in accounting policies and practices
 - Major judgemental areas
3. Reviewed and discussed the major findings of external auditors and the management response;
4. Reviewed all prospective financial information provided by the regulators and/or public;
5. Discussed with external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit and ensure co-ordination of audit where more than one audit firm are involved;
6. Discussed problems and reservations arising from the final external audits, the audit report;
7. Reviewed with the external auditor, his evaluation of the system of internal controls, his management letter and management response;
8. Met with external auditors without the presence of the executive directors and management in the Audit Committee meeting held on 12 April 2017 to enquire on unusual events or transactions or significant matters highlighted in audited report;
9. Reviewed with external auditors, the Statement on Risk Management and Internal Control of the Group for inclusion in the Company's Annual Report;

Audit Committee Report (Cont'd)

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

10. Reviewed and confirmed the minutes of the Audit Committee Meetings;
11. Reviewed the suitability and independence of the external auditors in order to recommend their re-appointment to the Board for recommendation to the shareholders on the re-appointment of the external auditors in the forthcoming annual general meeting, including their audit fees, the number and experience of audit staff assigned to the audit engagement, resources and effectiveness of the external auditors;
12. Reviewed the nomination and appointment of the professional firm engaged to carry out the internal audit functions and specifically perform the following reviews:
 - Review the adequacy of the scope, functions and resource of the professional firm engaged to carry out internal audit functions, and that it has the necessary authority to carry out its work;
 - Review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the professional firm engaged; and
 - Review any appraisal or assessment of the performance of the professional firm engaged to perform the internal audit functions;
13. To reconsider any other functions as may be agreed to by the Committee and the Board.

SUMMARY OF WORK OF THE INTERNAL AUDITORS

The Committee had appointed a professional firm to undertake audit functions with effect from the last quarter of 2003. The Group's mission is to provide an independent and objective assurance on governance, risk management and internal control and make recommendations that will improve or add value to the Group.

Internal Audit Function

The internal audit functions have been outsourced to a professional firm reporting directly to Audit Committee. Its responsibilities include systematic and timely review of business units' compliance with internal control procedures, highlights weaknesses and makes appropriate recommendations for improvements.

The total cost incurred for maintaining the internal audit function for the year under review was RM27,083 comprising mainly professional fees and disbursements.

A summary of the works of the internal audit function for the financial year is as follows:-

1. Carried out sampling test on the Group's compliance with its policies and procedures as well as relevant rules and regulations;
2. Evaluation of the Group's adequacy and effectiveness of the internal control review covering the accounts and administration, fixed assets management, IT general controls and project management cycle as per the Internal Audit Plan;
3. Reviewed of the accounting records;
4. Presentation of audit findings and recommendation of corrective actions to be taken by Management and management's response in the quarterly Audit Committee Meetings; and
5. Conducted follow-up audits to ensure corrective actions has been taken.

Statement of Directors' Responsibilities

The Directors of the company are responsible for the preparation of financial statements so as to give true and their view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

In preparing those financial statements, the Directors have:

- Applied applicable accounting policies on a consistent basis;
- Made judgements and estimates that are prudent and reasonable;
- Ensure applicable Financial Reporting Standards in Malaysia for Entities Other than Private Entities have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 2016. The Directors are also responsible for taking such steps as reasonably open to them to safeguards the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

This statement has been approved by the Board of Directors on 12 April 2018.

Additional Compliance Information

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

AUDIT AND NON - AUDIT FEES

For the financial year ended 31 December 2017, the amounts of audit and non-audit fees paid or payable by the Company and the Group to the external auditors are as follows:-

	Company RM	Group RM
Audit Fees	22,000	271,500
Non - Audit Fees	3,000	6,000

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

There were no recurrent related party transaction of a revenue nature, which requires Shareholders' Mandate during the financial year under the review.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into the ordinary course of business) entered into by AMVERTON or its subsidiaries involving directors', chief executive's and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

AMVERTON Group, as a responsible corporate citizen, is committed to conducting business in a manner which achieves sustainable growth whilst fulfilling legal, ethical, professional and moral standards.

We aim to achieve our business objectives in a caring and responsible manner recognizing the economic, social and environmental impacts of our activities on all our stakeholders.

Education and training, quality, safety, health care are just some of the priorities for both our employees and communities. Our hotels, golf courses especially kitchen and back of house divisions has been the training ground for a few colleges to send their students for practical training before the end of their respective courses.

Below are some of the activities that the Group has carried out to try to fulfill its commitment to CSR:

- Contribution to Larian Bandar Diraja in 2006.
- On 17 December 2013, Bukit Aman Crime Prevention Department Director Datuk Ayub Yaakob has awarded AMVERTON the certification for auxiliary police powers at the landmark ceremony in Amverton Cove, Carey Island, as part of the national effort including the Group's Corporate Social Responsibility to reduce crime.
- Amverton Heritage has held "Program Bantuan Amal Mesra" in conjunction with the Hari Raya Aidil Fitri helping the needy elderly and special children nearby.
- On 22 November 2014, AMVERTON, through a fund-raising dinner titled "Spread the Love, Give a Hope Charity Night" raised fund of over RM170,000 for the Persatuan Penjagaan Kanak-Kanak Cacat Klang, Selangor at Bukit Kemuning Golf & Country Resort and also sponsored the venue to host the dinner.

Sustainability Statement

1. Introduction

Board of Directors of Amverton Berhad (Formerly Known as A & M Realty Berhad) ("AMVERTON" or "the Group") is pleased to present its maiden Sustainability Statement which is prepared based on the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad.

The contents of this statement will be useful to our stakeholders which includes our employees, investors, customers (purchasers, tenants & etc), suppliers, contractors and the local community.

2. AMVERTON's Sustainability Governance Structure

AMVERTON has always been committed to Sustainability in our business model. We have always engaged with all our stakeholders on matters related to their economic, environmental and social well-being.

The responsibility of sustainability strategy and performance together with its purpose, values and strategies lie with the Board of Directors of AMVERTON. The board has made the Managing Director ("MD") responsible on this matter. He and his team will monitor and manage the economic, environmental and social risks as part of the day to day business operations and where necessary report to the board.

The initiatives undertaken by the Group during the financial year is summarized below:

- a) AMVERTON's Wide Range of Housing Products
 - AMVERTON has a wide range of products ranging from double storey link houses to high end bungalows. The Group endeavours to cater to the needs of the community as a whole, whether it be a young individual looking for their first property or families that are looking to upgrade their properties as their family and need for space grows.
- b) Strong Financial Standing
 - The Group also tries to maintain its strong financial standing by being prudent in cost saving and efficiency. As such, AMVERTON is able to self finance its projects with zero gearing, which is important for any company to survive in poorer market conditions.
- c) Strong Brand
 - We are positioning our brand "Amverton" to be a brand synonymous with excellent quality and after sales service, creating a brand that is well accepted to the public hence further increasing the Group's sustainability in the property market.
- d) Gated/Guarded Housing Projects
 - We understand that house buyers are looking for comfort and sense of security when they look for a home. On our part, we endeavour to ensure that our recent housing projects meet these need by having them gated/guarded as the Group places high emphasis on the safety of its buyers.
- e) Club Houses/ Social Programs
 - We also recognise the trend towards the need for communities to socialise with their neighbours. In this respect, we have moved towards developments where our projects have club houses for the use of the residents.
 - We have also organised Social Programs to enhance community togetherness.
 - AMVERTON has over the years, held numerous get-together events to promote the community togetherness for our purchasers. The Group also ensures the attendance of our staff to further facilitate the togetherness with our local communities and customers.

3. Moving Forward

The management endeavours to study how the Group can continue to improve economic, social and environmental issues so that AMVERTON will remain sustainable in the future.

FINANCIAL STATEMENT

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Directors' Report

The Directors have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 13 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year	25,626,679	209,491
Attributable to :		
Equity holders of the Company	24,189,943	209,491
Non-controlling interests	1,436,736	-
	25,626,679	209,491

DIVIDENDS

No dividend have been paid or declared by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

TREASURY SHARES

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 15 June 2017. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

There are no repurchase of own shares during the financial year ended 31 December 2017.

DIRECTORS

The Directors who served on the Board of the Company during the financial year until the date of this Report are :

- Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock
- Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf (*Demised on 10 March 2018*)
- Dato' Ambrose Leonard Ng Kwee Heng (*Resigned on 22 January 2018*)
- Puan Sri Datin Catherine Yeoh Eng Neo
- Tan Sri Dato' Dr. Sak Cheng Lum
- Datuk Ng Thian Kwee
- Dato' Milton Norman Ng Kwee Leong
- Mat Ripen Bin Mat Elah
- Tan Jiu See
- Steven Junior Ng Kwee Leng
- Malcolm Jeremy Ng Kwee Seng
- Ooi Hock Guan
- Ooi Hun Yong (*Appointed on 2 April 2018*)

DIRECTORS OF SUBSIDIARIES

The following is a list of directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this report :

Dato' Amzah Bin Umar
Adri Mazlan Bin Marmuji
Chigusa Tohru
Chuah Chin Guan
Lee Chien Hui
Ng Thian Ann
Tokio Nakada

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

The following Directors of the Company who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, interests in shares of the Company and related companies as follows :

	Balance at 1.1.2017	Number of ordinary shares		Balance at 31.12.2017
		Acquired	Disposed	
<i>The Company</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock				
- direct interest	39,822,112	-	-	39,822,112
- deemed interest	223,821,180	-	-	223,821,180
Puan Sri Datin Catherine Yeoh Eng Neo				
- direct interest	14,018,200	-	-	14,018,200
- deemed interest	249,625,092	-	-	249,625,092
Dato' Ambrose Leonard Ng Kwee Heng				
- direct interest	2,588,000	-	-	2,588,000
- deemed interest	255,147,392	-	-	255,147,392
Dato' Milton Norman Ng Kwee Leong				
- direct interest	1,400,000	-	-	1,400,000
- deemed interest	255,147,392	-	-	255,147,392
Steven Junior Ng Kwee Leng				
- direct interest	1,000,000	-	-	1,000,000
- deemed interest	255,147,392	-	-	255,147,392
Malcolm Jeremy Ng Kwee Seng				
- direct interest	3,507,900	-	-	3,507,900
- deemed interest	259,347,392	-	-	259,347,392

	Balance at 1.1.2017	Number of ordinary shares		Balance at 31.12.2017
		Acquired	Disposed	
<i>Holding company - Dalta Industries Sdn. Bhd.</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock				
- direct interest	7,000,000	-	-	7,000,000
- deemed interest	6,000,000	-	-	6,000,000
Puan Sri Datin Catherine Yeoh Eng Neo				
- direct interest	400,000	-	-	400,000
- deemed interest	12,600,000	-	-	12,600,000
Dato' Ambrose Leonard Ng Kwee Heng				
- deemed interest	10,000,000	-	-	10,000,000
Dato' Milton Norman Ng Kwee Leong				
- direct interest	1,000,000	-	-	1,000,000
- deemed interest	9,000,000	-	-	9,000,000
Steven Junior Ng Kwee Leng				
- direct interest	1,000,000	-	-	1,000,000
- deemed interest	9,000,000	-	-	9,000,000
Malcolm Jeremy Ng Kwee Seng				
- direct interest	1,000,000	-	-	1,000,000
- deemed interest	9,000,000	-	-	9,000,000

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares			
	Balance at 1.1.2017	Acquired	Disposed	Balance at 31.12.2017
<i>Related company - Hil Industries Berhad</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock				
- direct interest	25,113,566	5,022,713	-	30,136,279
- deemed interest	173,708,974	34,743,071	-	208,452,045
Puan Sri Datin Catherine Yeoh Eng Neo				
- direct interest	7,184,400	1,436,880	-	8,621,280
- deemed interest	191,638,140	38,328,904	-	229,967,044
Dato' Ambrose Leonard Ng Kwee Heng				
- direct interest	3,553,400	710,680	-	4,264,080
- deemed interest	181,483,740	36,298,025	-	217,781,765
Dato' Milton Norman Ng Kwee Leong				
- direct interest	6,668,300	1,333,659	-	8,001,959
- deemed interest	181,483,740	36,298,025	-	217,781,765
Steven Junior Ng Kwee Leng				
- direct interest	3,541,500	708,300	-	4,249,800
- deemed interest	181,483,740	36,298,025	-	217,781,765
Malcolm Jeremy Ng Kwee Seng				
- direct interest	3,575,600	715,120	-	4,290,720
- deemed interest	181,483,740	36,298,025	-	217,781,765

	Number of warrants 2017/2027			
	Balance at 1.1.2017	Acquired	Disposed	Balance at 31.12.2017
<i>Related company - Hil Industries Berhad</i>				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock				
- direct interest	-	5,022,713	-	5,022,713
- deemed interest	-	34,743,071	-	34,743,071
Puan Sri Datin Catherine Yeoh Eng Neo				
- direct interest	-	1,436,880	-	1,436,880
- deemed interest	-	38,328,904	-	38,328,904
Dato' Ambrose Leonard Ng Kwee Heng				
- direct interest	-	710,680	-	710,680
- deemed interest	-	36,298,025	-	36,298,025
Dato' Milton Norman Ng Kwee Leong				
- direct interest	-	1,333,659	-	1,333,659
- deemed interest	-	36,298,025	-	36,298,025
Steven Junior Ng Kwee Leng				
- direct interest	-	708,300	-	708,300
- deemed interest	-	36,298,025	-	36,298,025
Malcolm Jeremy Ng Kwee Seng				
- direct interest	-	715,120	-	715,120
- deemed interest	-	36,298,025	-	36,298,025

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares		
	Balance at 1.1.2017	Acquired Disposed	Balance at 31.12.2017
<i>Related companies</i>			
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng - deemed interest			
Idaman Kalbu Sdn. Bhd.	74,250	-	74,250
Lipat Ganda Sdn. Bhd.	99,046	-	99,046
Pillar Industries Sdn. Bhd.	161,910	-	161,910
Profail Padu Sdn. Bhd.	1,600,000	-	1,600,000
Epic Ventures Sdn. Bhd.			
Dato' Ambrose Leonard Ng Kwee Heng - direct interest	1,435,127	-	1,435,127

By virtue of their interests in Dalta Industries Sdn. Bhd., Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Mr. Steven Junior Ng Kwee Leng and Mr. Malcolm Jeremy Ng Kwee Seng are also deemed to be interested in the shares of all the subsidiaries to the extent of the Company's interests in the respective subsidiaries as disclosed in Note 13 to the Financial Statements.

Other than as disclosed above, the Directors who held office at the end of the financial year did not have interests in the shares or debentures of the Company or related companies during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

During the financial year, there were no indemnity given to or insurance effected for, any director, officer or auditor of the Company.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Group) 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 as disclosed in the Notes to the Financial Statements and that certain Directors received remuneration from the Company's related companies.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

Directors' Report (Cont'd)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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 affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that :

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

In their opinion,

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

HOLDING COMPANY

The Directors regard Delta Industries Sdn. Bhd., a company incorporated in Malaysia, as the Company's holding company.

SUBSIDIARY/SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 13 to the Financial Statements.

AUDITORS

The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 7 to the Financial Statements.

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

Dato' Milton Norman Ng Kwee Leong

Dated : 12 April 2018

Klang

Malcolm Jeremy Ng Kwee Seng

Statement by Directors

We, DATO' MILTON NORMAN NG KWEE LEONG and MALCOLM JEREMY NG KWEE SENG, being two of the Directors of AMVERTON BERHAD (FORMERLY KNOWN AS A & M REALTY BERHAD), do hereby state that, in the opinion of the Directors, 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 31 December 2017 and of their financial performance and cash flows for the year then ended.

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

Dato' Milton Norman Ng Kwee Leong

Dated : 12 April 2018

Klang

Malcolm Jeremy Ng Kwee Seng

STATUTORY DECLARATION

I, MALCOLM JEREMY NG KWEE SENG, being the Director primarily responsible for the financial management of AMVERTON BERHAD (FORMERLY KNOWN AS A & M REALTY BERHAD), do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Malcolm Jeremy Ng Kwee Seng

Subscribed and solemnly declared by the abovenamed
MALCOLM JEREMY NG KWEE SENG
at Klang on 12 April 2018

Before me :

Commissioner for Oaths

Independent Auditors' Report to the Members of Amverton Berhad (Formerly Known as A & M Realty Berhad)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Amverton Berhad (Formerly Known as A & M Realty Berhad), which comprise the Statements of Financial Position as at 31 December 2017 of the Group and of the Company, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 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 the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

1. Property development revenue and cost of sales

The risk

We refer to Note 37(i), 3 and 4 to the Financial Statements.

For the financial year ended 31 December 2017, property development revenue of RM84.2 million and cost of sales of RM52.5 million accounted for approximately 52.4% and 52.0% of the Group's revenue and cost of sales respectively.

The Group recognises property development revenue and cost based on the stage of completion. The stage of completion of the said projects are determined by the proportion that the actual property development costs incurred for work performed to date to the estimated total property development costs. The recognition of revenue and cost is therefore dependent on the Group's estimated gross development costs, which includes estimates and judgement by the Directors on costs to be incurred in the development.

There is a risk that the actual development costs are different to those estimates resulting in material variance in the amount of profit or loss recognised to date and in the current period.

Our response :

Our audit procedures included the following :

- evaluated management's controls relating to revenue recognition including the determination of the percentage of completion and timing of revenue recognition;
- tested the Group's controls by verifying approvals over budgets setting and authorising and recording of costs;
- assessed management's estimates on budgeted costs to be incurred including corroboration of historical budgets with actual costs incurred;
- recomputed stage of completion determined by management for revenue recognition based on verified 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 verified documentation to support the cost estimates.

Independent Auditors' Report to the Members of Amverton Berhad (Formerly Known as A & M Realty Berhad) (Cont'd)

KEY AUDIT MATTERS (CONT'D)

2. Impairment assessment of goodwill

The risk

We refer to Note 37(ii) and 17 to the Financial Statements.

As at 31 December 2017, goodwill arising on consolidation amounted to RM19.1 million after an accumulated impairment charge of RM1.9 million, which primarily allocated to property development segment. The goodwill for this segment comprises 95.2% of total goodwill.

The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the cash-generating unit ("CGU"), which is based on the fair value less costs to sell, has been derived from fair value models. The model uses several key assumptions, including estimates of market price of properties and estimate cost to sell.

Our response :

We focused our testing of the impairment assessment of goodwill on the key assumptions made by the management. Our audit procedures included :

- evaluated management estimates of the fair values of properties by making reference to comparable property transactions; and
- evaluated the assumptions applied in estimating cost to sell taking into consideration actual cost incurred in sale of properties historically and marketing strategies.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

Independent Auditors' Report to the Members of Amverton Berhad (Formerly Known as A & M Realty Berhad) (Cont'd)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 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.

Independent Auditors' Report to the Members of Amverton Berhad (Formerly Known as A & M Realty Berhad) (Cont'd)

OTHER MATTERS

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

HLB LER LUM

AF 0276

Chartered Accountants

WONG CHEE HONG

3160/09/18 (J)

Chartered Accountant

Dated : 12 April 2018
Kuala Lumpur

Statements of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2017

			Group		Company
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	3	160,709,144	115,330,858	379,142	38,934
Cost of sales	4	(100,892,093)	(65,539,797)	(9,561)	(9,868)
Gross profit		59,817,051	49,791,061	369,581	29,066
Other operating income	5	3,347,625	3,797,376	-	-
Selling & distribution costs		(117,311)	(168,765)	-	-
Administration expenses		(23,846,279)	(21,542,881)	(159,640)	(126,644)
Other operating expenses		(6,124,920)	(4,289,791)	-	-
Finance costs	6	(46,629)	(31,888)	-	-
Share of (loss)/profit of associated companies		(92,474)	62,219	-	-
Profit/(Loss) before tax	7	32,937,063	27,617,331	209,941	(97,578)
Income tax expense	9	(7,310,384)	(6,742,740)	(450)	30
Profit/(Loss) for the year		25,626,679	20,874,591	209,491	(97,548)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss) for the year		25,626,679	20,874,591	209,491	(97,548)
Attributable to :					
Equity holders of the Company		24,189,943	19,681,930	209,491	(97,548)
Non-controlling interests		1,436,736	1,192,661	-	-
		25,626,679	20,874,591	209,491	(97,548)
Earnings per share for profit for the year attributable to equity holders of the Company (sen)	10	6.63	5.39		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position as at 31 December 2017

			Group		Company
	Note	2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-current assets					
Property, plant & equipment	11	153,235,968	153,377,641	666,330	678,020
Investment properties	12	58,187,864	58,508,499	-	-
Investment in subsidiaries	13	-	-	447,763,850	348,237,550
Investment in associated companies	14	1,452,158	1,544,632	-	-
Land held for property development	15	115,669,950	116,425,125	-	-
Other investments	16	68,607	100,885	150,982	150,982
Goodwill	17	19,085,213	19,085,213	-	-
Fixed deposits	18	2,399,077	2,385,229	-	-
Deferred tax assets	19	699,959	716,459	-	-
Biological assets	20	3,424,795	3,414,395	-	-
		354,223,591	355,558,078	448,581,162	349,066,552
Current assets					
Inventories	21	65,151,428	66,432,809	-	-
Property development costs	22	337,519,342	338,088,618	-	-
Trade & other receivables	23	27,415,258	28,088,116	193,053	8,817
Other current assets	24	28,545,576	9,502,513	-	-
Amount due from related parties	26	-	-	53,948	8,479,876
Income tax assets		2,350,501	2,091,239	269,584	274,684
Fixed deposits	18	45,767,951	43,289,455	-	-
Cash & bank balances	27	25,320,122	20,822,814	7,565	88,132
		532,070,178	508,315,564	524,150	8,851,509
Total assets		886,293,769	863,873,642	449,105,312	357,918,061

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position as at 31 December 2017 (Cont'd)

			Group		Company
	Note	2017 RM	2016 RM	2017 RM	2016 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of parent					
Share capital	28	217,605,412	182,531,900	217,605,412	182,531,900
Share premium	29	-	35,073,512	-	35,073,512
Retained earnings		423,263,055	399,073,112	28,955,707	28,746,216
		640,868,467	616,678,524	246,561,119	246,351,628
Non-controlling interests		24,929,623	23,685,371	-	-
Total equity		665,798,090	640,363,895	246,561,119	246,351,628
Non-current liabilities					
Finance lease liabilities	30	472,575	688,632	-	-
Deferred tax liabilities	19	64,475,714	66,063,723	-	-
Total non-current liabilities		64,948,289	66,752,355	-	-
Current liabilities					
Trade & other payables	31	71,800,575	68,648,238	32,506	66,618
Other current liabilities	32	26,959,903	32,806,462	-	-
Finance lease liabilities	30	205,992	211,280	-	-
Amount due to related parties	26	54,001,453	54,001,453	202,511,687	111,499,815
Income tax liabilities		2,579,467	1,089,959	-	-
Total current liabilities		155,547,390	156,757,392	202,544,193	111,566,433
Total liabilities		220,495,679	223,509,747	202,544,193	111,566,433
Total equity and liabilities		886,293,769	863,873,642	449,105,312	357,918,061

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity for the Financial Year Ended 31 December 2017

Group	Attributable to owners of the parent				Non-controlling interests RM	Total equity RM
	Share capital RM	Non-distributable Share premium RM	Distributable Retained earnings RM	Total RM		
Balance at 1 January 2016	182,531,900	35,073,512	379,391,182	596,996,594	22,492,710	619,489,304
Total comprehensive income for the year	-	-	19,681,930	19,681,930	1,192,661	20,874,591
Balance at 31 December 2016	182,531,900	35,073,512	399,073,112	616,678,524	23,685,371	640,363,895
Total comprehensive income for the year	-	-	24,189,943	24,189,943	1,436,736	25,626,679
Disposal of subsidiary	-	-	-	-	(11,050)	(11,050)
Dividend paid	-	-	-	-	(181,434)	(181,434)
Transition to no par value regime	35,073,512	(35,073,512)	-	-	-	-
Balance at 31 December 2017	217,605,412	-	423,263,055	640,868,467	24,929,623	665,798,090

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity for the Financial Year Ended 31 December 2017 (Cont'd)

Company	Share capital RM	Non-distributable Share premium RM	Distributable Retained earnings RM	Total RM
Balance at 1 January 2016	182,531,900	35,073,512	28,843,764	246,449,176
Total comprehensive loss for the year	-	-	(97,548)	(97,548)
Balance at 31 December 2016	182,531,900	35,073,512	28,746,216	246,351,628
Total comprehensive income for the year	-	-	209,491	209,491
Transition to no par value	35,073,512	(35,073,512)	-	-
Balance at 31 December 2017	217,605,412	-	28,955,707	246,561,119

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows for the Financial Year Ended 31 December 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash flows from operating activities				
Profit/(Loss) before tax	32,937,063	27,617,331	209,941	(97,578)
Adjustments for :				
Bad debt recovery	(4,000)	-	-	-
Bad debt written off	19,567	88,703	-	-
Depreciation	6,313,122	4,814,969	11,690	11,690
Dividend income	(1,473)	(1,473)	(376,809)	(1,443)
Impairment loss on				
- investments	32,278	-	-	-
- trade receivables (net)	52,761	85,819	-	-
Interest expense	46,629	31,888	-	-
Interest income	(1,834,298)	(2,329,290)	(2,333)	(15,491)
Inventories write-down (net)	290,006	67,043	-	-
Gain on disposal of subsidiary	(174,499)	-	-	-
Gain on disposal of property, plant & equipment (net)	(4,999)	(19,539)	-	-
Property, plant & equipment written off	4,643	2,597	-	-
Share of loss/(profit) of associated companies	92,474	(62,219)	-	-
Unrealised gain on foreign exchange	(3,758)	(10,489)	-	-
Operating profit/(loss) before working capital changes	37,765,516	30,285,340	(157,511)	(102,822)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows for the Financial Year Ended 31 December 2017 (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Inventories	3,211,206	4,325,153	-	-
Property development costs	569,276	(40,350,919)	-	-
Receivables	604,530	5,145,279	(184,236)	(364)
Other current assets	(19,043,063)	(3,158,728)	-	-
Payables	3,168,137	54,934,271	(34,112)	(642)
Other current liabilities	(5,846,559)	(7,653,612)	-	-
Inter-company balances	-	(27,485,760)	(88,500)	(652,019)
Cash generated from/(used in) operations	20,429,043	16,041,024	(464,359)	(755,847)
Dividends received	1,473	1,473	376,809	1,443
Interest received	1,834,298	2,329,290	2,333	15,491
Interest paid	(46,629)	(31,888)	-	-
Income tax paid	(8,299,911)	(7,588,218)	(350)	(6,068)
Income tax refunded	648,264	773,808	5,000	12,080
Net cash from/(absorbed by) operating activities	14,566,538	11,525,489	(80,567)	(732,901)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows for the Financial Year Ended 31 December 2017 (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash flows from investing activities				
Development expenditure incurred	(1,464,656)	(186,769)	-	-
Net proceeds from disposal of subsidiary	151,407	-	-	-
Proceeds from disposal of property, plant & equipment	5,000	22,410	-	-
Purchase of biological asset	(10,400)	-	-	-
Purchase of investment properties	(1,095,513)	(121,715)	-	-
Purchase of property, plant & equipment	(4,759,945)	(5,759,546)	-	-
Net cash used in investing activities	(7,174,107)	(6,045,620)	-	-
Cash flows from financing activities				
Dividend paid to non-controlling interest	(181,434)	-	-	-
Net repayment of finance lease payables	(221,345)	(163,233)	-	-
Placement of fixed deposits under lien	(13,848)	(497,882)	-	-
Net cash used in financing activities	(416,627)	(661,115)	-	-
Net changes in cash and cash equivalents	6,975,804	4,818,754	(80,567)	(732,901)
Cash and cash equivalents brought forward	64,112,269	59,293,515	88,132	821,033
Cash and cash equivalents carried forward	71,088,073	64,112,269	7,565	88,132

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows for the Financial Year Ended 31 December 2017 (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
NOTES TO CONSOLIDATED CASH FLOW STATEMENTS				
(a) Cash and cash equivalents comprise :				
Fixed deposits	48,167,028	45,674,684	-	-
Cash & bank balances	25,320,122	20,822,814	7,565	88,132
	73,487,150	66,497,498	7,565	88,132
Less : Fixed deposits under lien	(2,399,077)	(2,385,229)	-	-
	71,088,073	64,112,269	7,565	88,132

(b) Analysis of acquisition of property, plant & equipment :

	Group	
	2017 RM	2016 RM
Cash	4,759,945	5,759,546
Finance lease	-	363,000
	4,759,945	6,122,546

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in Note 13 to the Financial Statements.

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

The address of the registered office of the Company is as follows :

36A, Lorong Gelugor
Off Persiaran Sultan Ibrahim
41300 Klang
Selangor Darul Ehsan

The address of the principal place of business of the Company is as follows :

10th Floor, Menara Amverton
Garden Business Centre
3 Jalan Istana
41000 Klang
Selangor Darul Ehsan

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention (unless stated otherwise in the significant accounting policies below) and comply with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements are in conformity with the Financial Reporting Standards and the requirements of the Companies Act 2016 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 37 to the Financial Statements.

The financial statements are presented in Ringgit Malaysia, which is the Group's and the company's functional and presentation currency.

(b) Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following Financial Reporting Standards ("FRS") and Amendments to FRSs

Annual improvements to FRSs 2014-2016 cycle

Amendments to FRS 12	Disclosures of interests in other entities clarification of the scope of the Standard
Amendments to FRS 107	Statement of cash flows on disclosure initiative
Amendments to FRS 112	Recognition of deferred tax assets for unrealised losses

The adoption of these amended FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

(c) Adoption of Malaysian Financial Reporting Standard ("MFRS") on 1 January 2018

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Adoption of Malaysian Financial Reporting Standard ("MFRS") on 1 January 2018 (Cont'd)**

(MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities'). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018. Early application of MFRS is permitted.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2018.

The Group and the Company are in the process of assessing the financial effects of the differences between the accounting standards under Financial Reporting Standards and under the MFRS Framework. Based on preliminary assessment, the initial application of the above are expected to have no significant impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

(i) MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in MFRS 9 are based on an expected credit loss model and replace the FRS 139 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting MFRS 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts MFRS 9 in 2018.

- Classification and measurement

The Group will elect to measure its currently held available-for-sale quoted equity securities amounting to RM68,000 at fair value through other comprehensive income (FVOCI). The impairment loss of RM32,000 previously recognised in profit or loss will be adjusted against retained earnings when the Group applies MFRS 9.

- Impairment

MFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans, trade receivables, financial guarantees and contract assets under MFRS 15 Revenue from Contracts with Customers, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables and contract assets. Upon application of the expected credit loss model, the Group expects that due to unsecured nature of its loans and receivables and contract assets, the loss allowance would increase by RM1,300,000.

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting MFRS 15 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts MFRS 15 in 2018.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Adoption of Malaysian Financial Reporting Standard ("MFRS") on 1 January 2018 (Cont'd)****(ii) MFRS 15 Revenue from Contracts with Customers (Cont'd)**

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

The Group is in a business of providing property development and construction, sale of automotive products, plantation and hotel & leisure services. The Group expects the following impact upon adoption of MFRS 15:

- **Development properties and construction contracts**
The Group is in the business of constructing and developing residential and commercial properties. The Group currently recognises revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under MFRS 15, for most of its residential and commercial developments, performance obligations for the sale of development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date. The Group not expect any significant increase in revenue and cost of sales arising from adoption of MFRS 15.
- **Variable consideration**
For the sale of automotive products, some contracts with customers provide a right of return, trade discounts or volume rebates. Such provisions give rise to variable consideration under MFRS 15. The Group currently recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Under MFRS 15, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associate uncertainty is subsequently resolved.

On the adoption of MFRS 15, the Group expects to record an adjustment to reduce revenue by RM460,000 for the financial year ended 31 December 2017. In addition, the Group expects to reclassify RM300,000 from trade and other payables to contract liability.
- **Presentation of contract assets and liabilities**
The Group is expected to change the presentation of certain amounts in the Statement of Financial Position to reflect the terminology in MFRS 15.
 - Amounts due from customers arising from construction contracts and construction contract work-in-progress under FRS will be reclassified to be presented as part of contract assets.
 - Advances received from customers arising from construction contracts and amounts due to customers arising from construction contracts under FRS will be reclassified to be presented as part of contract liabilities.

(iii) MFRS 16 Leases

MFRS 16 will result in almost all leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

Some of the commitments of the Group may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under MFRS 16.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Adoption of Malaysian Financial Reporting Standard ("MFRS") on 1 January 2018 (Cont'd)****(iv) Amendments to MFRS 116 Property, plant and equipment and MFRS 141 Agriculture regarding bearer plants**

The amendments to MFRS 116 and MFRS 141 define a bearer plant and require a biological asset that meets the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with MFRS 116, instead of MFRS 141. The produce growing on bearer plants continues to be accounted for in accordance with MFRS 141. Following the adoption, these biological assets are measured at fair value less costs to sell. Changes in fair value less costs to sell are recognised in profit or loss. Harvested fresh fruit bunches are transferred to inventories at fair value less costs of disposal when harvested.

The Group has performed a preliminary impact assessment of adopting MFRS 116 and MFRS 141 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts MFRS 116 and MFRS 141 in 2018.

The effects from the adoption of MFRS 116 and MFRS 141 on the financial statements are as follow :

	As previously reported under FRS framework RM	Effect of transition to MFRS RM	As restated under MFRS framework RM
Statement of Financial Position			
<u>As at 31 December 2017</u>			
Property, plant & equipment	153,235,968	1,264,118	154,500,086
Biological assets			
– Non-current assets	3,424,795	(3,424,795)	-
Biological assets			
– Current assets	-	258,186	258,186
Retained earnings	423,263,055	(1,158,777)	422,104,278
Non-controlling interest	24,929,623	(743,714)	24,185,909
<u>For the year ended 31 December 2017</u>			
Other operating income	3,347,625	40,151	3,387,776
Other operating expenses	6,124,920	158,516	6,283,436
Non-controlling interest	1,436,736	(40,240)	1,396,496

(d) Property, plant & equipment and depreciation

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Freehold land are not amortised whilst assets under construction are not depreciated. Depreciation for assets under construction will only be charged when the construction of the assets are completed for their intended use.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(d) Property, plant & equipment and depreciation (Cont'd)**

Depreciation on all other property, plant & equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant & equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows :

	%
Leasehold land	1.02 - 1.20
Buildings	1.02 - 2.00
Vehicles	12.50 - 25.00
Plant & machinery	10.00 - 25.00
Furniture, fittings & equipment	10.00 - 33.33

Residual value, useful life and depreciation method of assets are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant & equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in profit or loss.

(e) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, construction contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(f) Investment properties

Investment properties, principally comprising land and buildings are held for rental income or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and accumulated impairment losses.

No depreciation is provided for freehold land.

Depreciation on other investment properties is calculated on the straight line basis at rates required to write off the cost of the investment properties over their estimated useful lives.

The principal annual rate of depreciation used is as follows :-

Buildings	1.08% - 4.00%
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Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(f) Investment properties (Cont'd)**

Upon 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. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of retirement or disposal.

(g) Basis of consolidation

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Goodwill" for the accounting policy on goodwill subsequent to initial recognition.

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(h) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(j) Investment in associated companies

In the Company's separate financial statements, investment in associated companies is stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured noncurrent receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence and any retained interest in the former associate is a financial asset. Such retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

(k) Land held for property development

Land held for property development is stated at cost of acquisition including the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use.

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201. Where an indication of impairment exists, the carrying amount of the asset is

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(k) Land held for property development (Cont'd)**

assessed and written down immediately to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(e).

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

(l) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

(m) Income tax and deferred tax

Income tax on profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(n) Biological assetsPlantation development expenditure

New planting expenditure, which represents total costs incurred from land clearing to the point of harvesting, is capitalised as plantation development expenditure under biological assets and is not amortised. Replanting expenditure, which represents cost incurred in replanting old planted areas, is charged to profit or loss in the financial year it is incurred.

(o) Financial assets

Financial assets 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.

When the financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial assets (Cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available for sale financial assets. The Group and the Company does not have any held-to-maturity financial assets and financial assets at fair value through profit or loss.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Group's and the Company's loans and receivables comprise receivables, deposits, cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available for sale financial assets

Available for sale financial assets are financial assets that are designated as available for sale or are not classified in any other categories of financial assets. The Group's available for sale financial assets comprise investments.

After initial recognition, available for sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available for sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(p) Impairment of financial assets

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

(i) Trade and other receivables and other financial assets carried at amortised cost

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(p) Impairment of financial assets (Cont'd)****(i) Trade and other receivables and other financial assets carried at amortised cost (Cont'd)**

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

The carrying amount of the financial asset is reduced 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 trade receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available for sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that non-current investments classified as available for sale financial assets are impaired.

If an available for sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

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

(iii) Unquoted equity securities carried at cost

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

(q) Inventories**(i) Completed property units & odd lot land**

Completed property units and odd lot land held for resale are stated at the lower of cost and net realisable value.

Cost of completed property units is determined using an appropriate basis of allocation and consists of land costs, construction costs and related expenses.

(ii) Raw materials, production supplies, work-in-progress & finished goods

Inventories are stated at the lower of cost and net realisable value. Inventories cost is determined on the weighted average or first-in-first-out method.

Cost includes the cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(r) Property development costs**

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

Property development revenue are recognised for all units sold using the percentage of completion method, by reference to the stage of completion of the property development projects at the reporting date as measured by the proportion that development costs incurred for work performed to-date bear to the estimated total property development costs on completion.

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

Any anticipated loss on property development projects (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

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

The excess of property development revenue recognised in profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over property development revenue recognised in profit or loss is classified as progress billings.

(s) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. 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.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(t) Share capital

Ordinary shares are equity instruments and recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends to shareholders are recognised in equity in the period in which they are declared.

Purchase of own shares

Shares repurchased by the Company are held as treasury shares and are accounted for on the cost method. The amount of the consideration paid, including directly attributable costs, is recognised as cost and set off against equity. Should such shares be cancelled, reissued or disposed of, their nominal amounts will be eliminated, and the differences between their cost and nominal amounts will be taken to reserves, as appropriate. Where the treasury shares are subsequently distributed as dividends to shareholders, the cost of the treasury shares is applied as reduction of the share premium account or the distributable retained profits or both.

(u) Leases**(i) Finance leases - the Group as lessee**

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the Statements of Financial Position as property, plant & equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(u) Leases (Cont'd)****(i) Finance leases - the Group as lessee (Cont'd)**

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

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

(ii) Operating leases - the Group as lessee

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on the straight-line basis over the period of the lease.

(iii) Operating leases - the Group as lessor

Leases of properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on the straight-line basis over the lease term.

(v) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, 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 instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

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

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

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(w) Revenue recognition**

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the Group and these benefits can be reliably measured. The specific recognition criteria for revenue are as follows :

(i) Property development projects

Revenue from property development projects is accounted for by the stage of completion method as described in Note 2(r) of the Financial Statements.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(s) of the Financial Statements.

(iii) Sale of goods, sale of land, sale of completed units and sale of plantation produce and related products

Revenue is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyers.

(iv) Rendering of services

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(v) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on the straight-line basis over the lease term.

(vi) Interest income

Interest income is recognised as the interest income accrues, taking into account the effective yield on the asset.

(vii) Dividend income

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

(x) Borrowing costs

Interest on borrowings incurred to finance the construction of property, plant & equipment is capitalised as part of the cost of assets during the period of time that is required to complete and prepare the assets for its intended use. Interest on borrowings incurred to finance property development activities and construction contracts are accounted for in a similar manner. All other interest on borrowings is expensed.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in profit or loss.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(y) Employee benefits****(i) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Post-employment benefitsDefined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to a defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(z) Foreign currency**(i) Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(aa) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with financial institutions which have an insignificant risk of changes in value. For the purpose of the Statements of Cash Flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

Notes to the Financial Statements (Cont'd)

3. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Property development projects	84,236,978	36,658,700	-	-
Sale of goods	39,870,907	43,031,594	-	-
Sale of land	7,617,280	-	-	-
Sale of completed units	781,000	8,111,600	-	-
Rendering of services	10,932,227	10,578,498	-	-
Rental income from				
- investment properties	7,053,988	7,875,451	-	-
- other properties	3,812,744	3,503,703	-	22,000
Sale of plantation produce and related products	6,375,814	4,945,935	-	-
Construction contracts	16,761	579,274	-	-
Interest income	10,002	44,660	2,333	15,491
Dividend income				
- Quoted investment, in Malaysia	1,443	1,443	1,443	1,443
- Unquoted subsidiaries, in Malaysia	-	-	375,366	-
	160,709,144	115,330,858	379,142	38,934

4. COST OF SALES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Property development costs	52,495,598	13,743,801	-	-
Cost of land	2,219,831	-	-	-
Cost of inventories	31,954,016	38,420,327	-	-
Construction contracts costs	54,076	485,862	-	-
Cost of services rendered & other direct operating costs	14,168,572	12,889,807	9,561	9,868
	100,892,093	65,539,797	9,561	9,868

Notes to the Financial Statements (Cont'd)

5. OTHER OPERATING INCOME

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Included in other operating income are the following :				
Bad debts recovery	4,000	-	-	-
Dividend income				
- Quoted investment, in Malaysia	30	30	-	-
Gain on disposal of investment in subsidiary	174,499	-	-	-
Gain on disposal of property, plant & equipment	4,999	21,091	-	-
Gain on foreign exchange				
- realised	60,748	80,830	-	-
- unrealised	3,758	10,489	-	-
Interest income	1,824,296	2,284,630	-	-
Maintenance income	134,400	225,600	-	-
Rental income from other properties	612,462	626,482	-	-

6. FINANCE COSTS

	Group	
	2017 RM	2016 RM
Bank overdraft interest	1,000	1,003
Bills payables interest	-	617
Finance lease interest	45,629	30,268
	46,629	31,888

Notes to the Financial Statements (Cont'd)

7. PROFIT/(LOSS) BEFORE TAX

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Profit/(Loss) before tax is stated after charging except as disclosed in other notes :				
Auditors' remuneration				
- statutory				
- current financial year	271,500	272,300	22,000	22,000
- under/(over) provision in prior financial year	2,322	(5,594)	-	-
- others	6,000	6,000	3,000	3,000
Bad debts written off	19,567	88,703	-	-
Depreciation	6,313,122	4,814,969	11,690	11,690
Directors' remuneration				
- fees	144,000	120,000	-	-
- emoluments	2,398,520	2,384,154	-	-
Impairment loss on				
- investments	32,278	-	-	-
- trade and other receivables - net	52,761	85,819	-	-
Inventories write-down - net	290,006	67,043	-	-
Loss on disposal of property, plant & equipment	-	1,552	-	-
Loss on foreign exchange				
- realised	-	5,894	-	-
Property, plant & equipment written off	4,643	2,597	-	-
Rental of equipment	30,265	32,516	-	-
Rental of premises	332,533	335,884	-	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM3,029,743 (2016: RM2,681,216).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM9,966 (2016: RM3,622).

8. EMPLOYEE COMPENSATION

	2017 RM	Group 2016 RM
Salaries, wages & bonus	14,637,407	13,832,269
Defined contribution plan benefits	1,319,375	1,294,496
Other benefits	1,049,837	1,153,124
	17,006,619	16,279,889

Included in employee compensation of the Group are executive directors' remuneration amounting to RM2,468,180 (2016: RM2,453,814).

Notes to the Financial Statements (Cont'd)

9. INCOME TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysian current income tax	8,993,023	6,918,866	450	-
Over provision in prior financial years	(111,130)	(17,257)	-	(30)
Deferred tax (Note 19) - origination and reversal of temporary differences	(1,571,509)	(158,869)	-	-
	7,310,384	6,742,740	450	(30)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax	32,937,063	27,617,331	209,941	(97,578)
Income tax using Malaysian tax rate of 24%	7,904,895	6,628,159	50,386	(23,419)
Non deductible expenses	659,916	475,088	40,498	23,765
Over provision in prior financial years	(111,130)	(17,257)	-	(30)
Tax effect of unrecognised deferred tax	31,078	(213,843)	-	-
Income not subject to tax	(353)	(353)	(90,434)	(346)
Utilisation of investment tax allowance	(108,090)	(129,054)	-	-
Reduction from standard income tax as a result of increase in taxable income	(1,065,932)	-	-	-
	7,310,384	6,742,740	450	(30)

As announced in the Malaysian Budget 2017, the Group is eligible for a tax rate reduction of up to 4% when its incremental taxable income as compared to the preceding year of assessment increases by a certain threshold.

The Company may distribute dividends out of its entire retained earnings as at 31 December 2017 under single-tier system.

In addition, the Company has tax exempt income as at 31 December 2017 arising from the exempt dividend income and Income Tax (Amendment) Act 1999, relating to tax on income earned in 1999 being waived amounting to approximately RM11,392,000 (2016: RM11,392,000) available for distribution as tax exempt dividends to shareholders. This tax exempt income is subject to agreement by the Inland Revenue Board.

10. EARNINGS PER SHARE ("EPS")

Basic EPS

Basic EPS of the Group is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017 RM	2016 RM
Profit for the year attributable to owners (RM)	24,189,943	19,681,930
Weighted average number of ordinary shares in issue	365,063,800	365,063,800
Basic EPS (sen)	6.63	5.39

Notes to the Financial Statements (Cont'd)

11. PROPERTY, PLANT & EQUIPMENT

2017 Group	Freehold land RM	Leasehold land RM	Buildings RM	Vehicles RM	Plant & machinery RM	Furniture, fittings & equipment RM	Assets under construction RM	Total RM
Cost								
At 1.1.2017	46,454,707	4,311,006	94,895,026	8,438,522	14,044,462	15,223,397	13,558,427	196,925,547
Additions	-	2,170	374,013	245,642	1,066,487	921,166	2,150,467	4,759,945
Disposal	-	-	-	(30,000)	-	-	-	(30,000)
Written off	-	-	-	-	-	(12,194)	-	(12,194)
Transfer on commissioning	-	-	11,514,621	-	-	-	(11,514,621)	-
At 31.12.2017	46,454,707	4,313,176	106,783,660	8,654,164	15,110,949	16,132,369	4,194,273	201,643,298
Accumulated Depreciation								
At 1.1.2017	-	549,839	15,569,590	7,216,111	11,290,996	8,921,370	-	43,547,906
Charges during the year	-	44,915	1,671,782	555,377	937,750	1,687,150	-	4,896,974
Disposal	-	-	-	(29,999)	-	-	-	(29,999)
Written off	-	-	-	-	-	(7,551)	-	(7,551)
At 31.12.2017	-	594,754	17,241,372	7,741,489	12,228,746	10,600,969	-	48,407,330
Net Book Value At 31.12.2017	46,454,707	3,718,422	89,542,288	912,675	2,882,203	5,531,400	4,194,273	153,235,968

Notes to the Financial Statements (Cont'd)

11. PROPERTY, PLANT & EQUIPMENT

2016 Group	Freehold land RM	Leasehold land RM	Buildings RM	Vehicles RM	Plant & machinery RM	Furniture, fittings & equipment RM	Assets under construction RM	Total RM
Cost								
At 1.1.2016	46,408,693	4,256,765	81,270,293	8,048,099	14,536,355	15,538,594	24,332,558	194,391,357
Additions	46,014	54,241	330,000	574,435	808,798	1,788,456	2,520,602	6,122,546
Disposal	-	-	-	(184,012)	(24,000)	(4,788)	-	(212,800)
Written off	-	-	-	-	(1,276,691)	(2,098,865)	-	(3,375,556)
Transfer on commissioning	-	-	13,294,733	-	-	-	(13,294,733)	-
At 31.12.2016	46,454,707	4,311,006	94,895,026	8,438,522	14,044,462	15,223,397	13,558,427	196,925,547
Accumulated Depreciation								
At 1.1.2016	-	505,435	14,108,469	6,908,758	11,979,661	10,224,669	-	43,726,992
Charges during the year	-	44,404	1,461,121	489,380	611,833	797,064	-	3,403,802
Disposal	-	-	-	(182,027)	(23,999)	(3,903)	-	(209,929)
Written off	-	-	-	-	(1,276,499)	(2,096,460)	-	(3,372,959)
At 31.12.2016	-	549,839	15,569,590	7,216,111	11,290,996	8,921,370	-	43,547,906
Net Book Value								
At 31.12.2016	46,454,707	3,761,167	79,325,436	1,222,411	2,753,466	6,302,027	13,558,427	153,377,641

Notes to the Financial Statements (Cont'd)

11. PROPERTY, PLANT & EQUIPMENT (CONT'D)**2017****Company****Freehold building**

	2017 RM	2016 RM
At cost		
At beginning of the financial year	876,750	876,750
Addition	-	-
Disposal	-	-
At end of the financial year	876,750	876,750
Less : Accumulated depreciation		
At beginning of the financial year	198,730	187,040
Charge for the financial year	11,690	11,690
At end of the financial year	210,420	198,730
Net Book Value	666,330	678,020

The net book value of motor vehicles of the Group held under finance leases are RM353,645 (2016: RM680,475) at the reporting date.

Notes to the Financial Statements (Cont'd)

12. INVESTMENT PROPERTIES

	2017 RM	Group 2016 RM
At cost		
At beginning of the financial year	65,125,036	65,003,321
Addition	1,095,513	121,715
At end of the financial year	66,220,549	65,125,036
Less : Accumulated depreciation		
At beginning of the financial year	6,616,537	5,205,370
Charge for the financial year	1,416,148	1,411,167
At end of the financial year	8,032,685	6,616,537
Carrying amounts	58,187,864	58,508,499

The investment property with carrying amounts of RM1,698,766 (2016: RM1,698,766) has been pledged to a financial institution for banking facilities granted to the Group.

As at 31 December 2017, the Directors have appraised the fair value of the land and buildings to be RM123,735,000 (2016: RM122,714,000).

The fair value of Group's investment properties are valued based on sale comparison approach and unobservable inputs and classified in Level 2 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 40(c) to the Financial Statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Valuation techniques used to derive Level 2 fair values as follow :

Level 2 fair values of the Company's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

13. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries

	2017 RM	Company 2016 RM
Unquoted shares		
- at cost	196,719,950	196,719,950
- equity capital contribution	251,043,900	151,517,600
	447,763,850	348,237,550

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Principal Activities	Effective Equity Interest	
		2017 %	2016 %
<u>Held by the Company:</u>			
A & M Construction Sdn. Bhd.	Building construction, housing development, property management and investment holding	100	100
A & M Modern Homes Sdn. Bhd.	Property development	100	100
AMJ Properties Sdn. Bhd.	Property development	100	100
Epic Ventures Sdn. Bhd.	Investment holding	67.41	67.41
Makhosetia Sdn. Bhd.	Investment holding	100	100
Pembinaan Kesentosaan Sdn. Bhd.	Housing and hotel development, property management, hotel and resort operator and related services	100	100
Profail Padu Sdn. Bhd.	Investment holding	60.00	60.00
Unik Sejati Sdn. Bhd.	Property development	100	100
Welnexco Sdn. Bhd.	Inactive	69.00	69.00
<u>Held through A & M Construction Sdn. Bhd.</u>			
A & M Development Sdn. Bhd.	Housing development, property management and investment holding	100	100
Audimco Sdn. Bhd.	Property development and investment holding	100	100
Freshland Sdn. Berhad	Property development and related services	100	100
Idaman Kalbu Sdn. Bhd.	Housing development and property management	94.50	94.50
Lipat Ganda Sdn. Bhd.	Housing development and property management	94.50	94.50
Pillar Industries Sdn. Bhd.	Housing development and property management	94.50	94.50
<u>Held through A & M Resorts Sdn. Bhd.</u>			
Sri Utas Sdn. Bhd.	Hotel operator and related services	100	100

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Principal Activities	Effective Equity Interest	
		2017 %	2016 %
<u>Held through AMJ Holdings Sdn. Bhd.:</u>			
A & M Lifestyle Connections Sdn. Bhd.	Investment holding and provision of management services	100	100
A & M Vision Builders Sdn. Bhd.	Property management and investment holding	100	100
EUI Professional Academy (M) Sdn. Bhd.	Cultivation and sale of oil palm fruits	100	100
Orange Mic Entertainment Sdn. Bhd.	Leisure and entertainment business	100	100
Puri Saksama Sdn. Bhd.	Property development	100	100
Vertipro Management Sdn. Bhd.	Managing and operating food and beverage	100	100
Viet Passion Sdn. Bhd.	Inactive	-	62.00
<u>Held through AMJ Properties Sdn. Bhd.:</u>			
Lagenda Anggun Sdn. Bhd.	Property management and related services	100	100
<u>Held through Epic Ventures Sdn. Bhd.:</u>			
E.V. Auto Cables Sdn. Bhd.	Inactive	53.93	53.93
E.V. Auto Industries Sdn. Bhd.	Trading and assembling of automotive horns and other related products	38.52	38.52
E.V. Brake Lining Sdn. Bhd.	Manufacturing and distribution of automotive brake lining products	61.66	61.66
E.V. Edaran Sdn. Bhd.	Trading of automotive products	61.66	61.66
E.V. Spark Plugs Sdn. Bhd.	Trading of spark plugs	67.41	67.41
Mitsinbo Sdn. Bhd.	Trading of automotive products	67.41	67.41
<u>Held through Idaman Kalbu Sdn. Bhd.:</u>			
Villa Sentosa Management Sdn. Bhd.	Property management and investment holding	94.50	94.50
<u>Held through Makhosetia Sdn. Bhd.</u>			
AMJ Holdings Sdn. Bhd.	Housing development, property management and investment holding	100	100

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Principal Activities	Effective Equity Interest	
		2017 %	2016 %
<u>Held through Pembinaan Kesentosaan Sdn. Bhd.:</u>			
A & M Auto Industries Sdn. Bhd.	Investment holding	100	100
A & M Resorts Sdn. Bhd.	Investment holding, management of hotel and recreational facilities	100	100
Bunut Enterprise Sdn. Bhd.	Housing development and building construction	100	100
Lanjut Perkasa Sdn. Bhd.	Housing development and property management	100	100
Lockwell Enterprise Sdn. Bhd.	Property development and investment holding	100	100
Penghantaran Bintang Jaya Sdn. Bhd.	Property development	100	100
Saujana Springs Sdn. Bhd.	Property development	70.00	70.00
Tasik Saujana Sdn. Bhd.	Investment holding and hotel operations	100	100
Tenaga Kilat Sdn. Bhd.	Property management and investment holding	100	100
Tengku Mohd. Kamil Dan Ng Sendirian Berhad	Housing development and investment holding	100	100
T.G. Industrial Park Sdn. Bhd.	Property management and investment holding	100	100
Tour Haven Sdn. Bhd.	Property management and investment holding	100	100
<u>Held through Profail Padu Sdn. Bhd.:</u>			
AA Industrial Capital Sdn. Bhd.	Plantation	60.00	60.00
Amverton Carey Golf & Island Resort Sdn. Bhd.	Dormant	60.00	60.00
Amverton Cove Golf & Island Resort Sdn. Bhd.	Hotel operator and tourism related activities	60.00	60.00
Carey Island Golf & Country Management Sdn. Bhd.	Dormant	60.00	60.00
Exemplary Resources Sdn. Bhd.	Tourism related activities and agriculture	60.00	60.00
Farming Hub Sdn. Bhd.	Real estate activities	60.00	60.00
Happy View Development Sdn. Bhd.	Property development	60.00	60.00

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Principal Activities	Effective Equity Interest	
		2017 %	2016 %
<u>Held through Profail Padu Sdn. Bhd. (Cont'd):</u>			
Jetpalms Sdn. Bhd.	Real estate activities and property development	60.00	60.00
Jewelacres Sdn. Bhd.	Real estate activities and property development	60.00	60.00
Ladang Seri Permai Sdn. Bhd.	Real estate activities and property development	60.00	60.00
Ladang YS (Selangor) Sdn. Bhd.	Cultivation and sale of oil palm fruits	60.00	60.00
Precious Orchard Sdn. Bhd.	Tourism related activities and agriculture	60.00	60.00
Total Wellbeing Sdn. Bhd.	Real estate activities and property development	60.00	60.00
T.G. Development Park Sdn. Bhd.	Property development	60.00	60.00
<u>Held through Saujana Springs Sdn. Bhd.:</u>			
Tahap Kukuh Sdn. Bhd.	Property development	70.00	70.00
Tetap Sejahtera Sdn. Bhd.	Property development	70.00	70.00
Wasdiri Sdn. Bhd.	Property development	70.00	70.00

Equity capital contribution is deemed as capital contribution to subsidiaries and are considered as part of the Company's investment in the subsidiaries.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly or indirectly by the parent company do not differ from the proportion of ordinary shares held.

The country of incorporation of subsidiary is also their place of principal place of business.

The accumulated non-controlling interest as at 31 December 2017 is RM24,929,623 (2016: RM23,685,371), of which RM10,846,738 (2016: RM10,631,120) is for Epic Ventures Sdn. Bhd. Group, RM13,741,140 (2016: RM12,695,596) is attributed to Profail Padu Sdn. Bhd. Group. The non-controlling interest in respect of Pillar Industries Sdn. Bhd., Lipat Ganda Sdn. Bhd., Idaman Kalbu Sdn. Bhd. Group, Saujana Springs Sdn. Bhd. Group and Welnexco Sdn. Bhd. are not material.

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests ("NCI") that are material to the Group.

	2017			
	Profail Padu Group RM	Epic Ventures Group RM	Other individually immaterial subsidiaries RM	Total RM
<i>NCI effective equity interest</i>	40.00%	32.59%		
Carrying amount of NCI	13,741,140	10,846,738	341,745	24,929,623
Profit allocated to NCI	1,045,544	397,052	(5,860)	1,436,736

Summarised financial information before inter-company eliminationAs at 31 December

Non-current assets	66,603,980	4,095,774
Current assets	17,361,347	30,808,830
Non-current liabilities	(1,750,585)	(85,000)
Current liabilities	(1,262,731)	(3,333,069)
Net assets	80,952,011	31,486,535

Year ended 31 December

Revenue	17,802,950	35,001,932
Profit for the year	2,613,860	1,128,030
Total comprehensive income	2,613,860	1,128,030

Cash flows from operating activities	3,577,392	3,804,130
Cash flows used in investing activities	(2,459,024)	(9,644)
Cash flows used in financing activities	(5,264)	(574,649)
Net increase in cash and cash equivalents	1,113,104	3,219,837
Dividend paid to NCI	-	181,434

Notes to the Financial Statements (Cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

	2016			
	Profail Padu Group RM	Epic Ventures Group RM	Other individually immaterial subsidiaries RM	Total RM
<i>NCI effective equity interest</i>	40.00%	32.59%		
Carrying amount of NCI	12,695,596	10,631,120	358,655	23,685,371
Profit allocated to NCI	865,579	333,260	(6,178)	1,192,661

Summarised financial information before inter-company elimination

As at 31 December

Non-current assets	65,703,400	4,303,896
Current assets	16,281,932	30,338,023
Non-current liabilities	(1,484,933)	(61,000)
Current liabilities	(46,397,448)	(3,695,041)
Net assets	34,102,951	30,885,878

Year ended 31 December

Revenue	16,623,068	38,106,245
Profit for the year	2,163,947	909,284
Total comprehensive income	2,163,947	909,284
Cash flows (used in)/from operating activities	(797,661)	2,247,533
Cash flows used in investing activities	(1,209,420)	(204,061)
Cash flows used in financing activities	(10,336)	(18,022)
Net (decrease)/increase in cash and cash equivalents	(2,017,417)	2,025,450
Dividend paid to NCI	-	-

Changes in the Group's ownership interest in subsidiaries without losing control

There were no significant changes during the year (2016: Nil) in the Group's ownership interest in its subsidiaries.

(b) Amount due from/(to) subsidiaries

The amount due from/(to) subsidiaries pertains mainly to advances and payments on behalf. The outstanding amounts are unsecured, interest free and repayable on demand.

Notes to the Financial Statements (Cont'd)

14. INVESTMENT IN ASSOCIATED COMPANIES

	2017 RM	Group 2016 RM
Unquoted shares - at cost	1,552,850	1,552,850
Share of post-acquisition loss	(100,692)	(8,218)
	1,452,158	1,544,632

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

Name of Company	Principal Activities	Effective Equity Interest 2017 %	2016 %
^*Bunga Laut Sdn. Bhd.	Property development and property management	20	20
^*Ikatan Gembong Sdn. Bhd.	Investment holding	30	30
<u>Held through Epic Ventures Sdn. Bhd.:</u>			
*Sebangga Auto Sdn. Bhd.	Trading of vehicles, automotive products and other related services	30	30

*Associated companies not audited by HLB Ler Lum

^Companies with financial year ended 30 June

The associated companies listed above have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

There are no contingent liabilities related to the Group's interest in the associated companies.

As indicated above, the financial year end of certain associated companies are not co-terminous with that of the Group. For the purpose of applying the equity method of accounting, these companies' unaudited financial statements made up to 31 December were used in conjunction with their audited financial statements for the financial year ended 30 June as the case may be.

The summarised financial information of the associated companies are as follows :

	2017 RM	Group 2016 RM
Non-current assets	2,205,698	1,469,068
Current assets	38,982,199	14,866,614
Current liabilities	(36,623,777)	(11,459,989)
Net assets	4,564,120	4,875,693
Revenue	57,559,556	32,511,414
(Loss)/Profit for the year	(295,985)	211,152

Goodwill amounting to RM836,268 (2016: RM836,268) was included in the carrying amount of investment in associated companies.

Notes to the Financial Statements (Cont'd)

15. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM	Development costs RM	Total RM
2017			
At beginning of the financial year	93,292,128	23,132,997	116,425,125
Additions	-	1,464,656	1,464,656
Disposal	(1,895,587)	(324,244)	(2,219,831)
At end of the financial year	91,396,541	24,273,409	115,669,950
2016			
At beginning of the financial year	93,292,128	22,946,228	116,238,356
Additions	-	186,769	186,769
At end of the financial year	93,292,128	23,132,997	116,425,125

16. OTHER INVESTMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Available-for-sale financial assets				
Quoted shares in Malaysia	68,607	100,885	64,980	64,980
Unquoted shares, at cost	-	-	86,002	86,002
	68,607	100,885	150,982	150,982
Representing items :				
At fair value method	68,607	100,885	64,980	64,980
At cost method	-	-	86,002	86,002
	68,607	100,885	150,982	150,982

Notes to the Financial Statements (Cont'd)

17. GOODWILL

	2017 RM	Group 2016 RM
Cost		
At beginning & end of the financial year	21,001,269	21,001,269
Accumulated impairment losses		
At beginning & end of the financial year	1,916,056	1,916,056
Carrying amount at end of the financial year	19,085,213	19,085,213

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management judgement.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the following business segments :

	2017 RM	Group 2016 RM
Property development & investment, construction and other related services rendered ("CGU A")	18,168,411	18,168,411
Manufacturing and trading ("CGU B")	916,802	916,802
	19,085,213	19,085,213

(i) Recoverable amount based on fair value less costs to sell

The recoverable amount of CGU A is based on fair value less costs to sell. The fair value less costs to sell is based on observable market price for similar assets or observable market price for assets of different nature, condition or location which is adjusted to reflect the different nature, condition or location of assets. The fair value measurement was categorised as a Level 2 fair value based on the inputs in the valuation technique used (see note 40(c)).

(ii) Recoverable amount based on value in use

The recoverable amount of CGU B was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management. Cash flows beyond the projection period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate for the automotive products business in which the CGU operates.

Key assumptions used for value-in-use calculations :

	2017 %	CGU B 2016 %
Gross margin ¹	16.00	17.00
Growth rate ²	5.00	5.00
Pre-tax discount rate ³	8.65	8.65
Terminal growth rate ⁴	3.65	3.65

Notes to the Financial Statements (Cont'd)

17. GOODWILL (CONT'D)**(ii) Recoverable amount based on value in use (Cont'd)**

- ¹. Budgeted gross margin
- ². Weighted average growth rate used to extrapolate cash flows beyond the budget period
- ³. Pre-tax discount rate applied to the cash flow projections
- ⁴. Terminal growth rate indicates the expected growth of cash flows after the forecast period

These assumptions were used for the analysis of CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rate used was consistent with the forecasts included in industry reports. The discount rate used were pre-tax and reflected specific risks relating to the business segment.

(iii) Sensitivity to change in key assumptions

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's results. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

The circumstances where a change in key assumptions will result in the recoverable amounts of goodwill on the CGU B to equal the corresponding carrying amounts assuming no change in the other variables are as follows :

	2017 %	2016 %
Gross margin	14.55	16.27
Growth rate	4.41	4.72
Discount rate	10.29	9.52
Terminal growth rate	8.45	5.93

18. FIXED DEPOSITS WITH LICENSED BANKS

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Current	45,767,951	43,289,455	-	-
Non-current	2,399,077	2,385,229	-	-
	48,167,028	45,674,684	-	-

Fixed deposits of the Group amounting to RM2,399,077 (2016: RM2,385,229) have been pledged to financial institutions for bank facilities granted to the Group.

The fixed deposits of the Group at the reporting date are subject to floating interest rates ranging from 2.05% to 4.04% (2016: 2.05% to 4.15%) per annum.

Fixed deposits of the Group have maturities ranging from 2 to 365 days (2016: 2 to 366 days).

Notes to the Financial Statements (Cont'd)

19. DEFERRED TAX

	2017 RM	Group 2016 RM
Deferred tax assets	(699,959)	(716,459)
Deferred tax liabilities	64,475,714	66,063,723
	63,775,755	65,347,264

The movement in the deferred tax account is as follows :

	2017 RM	Group 2016 RM
At beginning of the financial year	65,347,264	65,506,133
Recognised in profit or loss (Note 9)	(1,571,509)	(158,869)
At end of the financial year	63,775,755	65,347,264

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 the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position :

	At 1.1.2017 RM	Recognised in profit or loss RM	At 31.12.2017 RM
2017			
Deferred tax assets			
- property development	(663,959)	-	(663,959)
- other payables	(55,000)	-	(55,000)
- property, plant & equipment	(52,500)	16,500	(36,000)
	(771,459)	16,500	(754,959)
Deferred tax liabilities			
- investment properties	4,048,869	(66,824)	3,982,045
- property development	50,420,800	(1,310,185)	49,110,615
- property, plant & equipment	8,215,009	(211,000)	8,004,009
- inventories	3,434,045	-	3,434,045
	66,118,723	(1,588,009)	64,530,714
Net (after offsetting)	65,347,264	(1,571,509)	63,775,755

Notes to the Financial Statements (Cont'd)

19. DEFERRED TAX (CONT'D)

2016	At 1.1.2016 RM	Recognised in profit or loss RM	At 31.12.2016 RM
Deferred tax assets			
- property development	(663,959)	-	(663,959)
- other payables	(48,240)	(6,760)	(55,000)
- others	(46,000)	46,000	-
- property, plant & equipment	-	(52,500)	(52,500)
	<u>(758,199)</u>	<u>(13,260)</u>	<u>(771,459)</u>
Deferred tax liabilities			
- investment properties	4,115,693	(66,824)	4,048,869
- property development	50,413,891	6,909	50,420,800
- property, plant & equipment	8,078,648	136,361	8,215,009
- inventories	3,656,100	(222,055)	3,434,045
	<u>66,264,332</u>	<u>(145,609)</u>	<u>66,118,723</u>
Net (after offsetting)	<u>65,506,133</u>	<u>(158,869)</u>	<u>65,347,264</u>

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

	2017 RM	Group 2016 RM
Unutilised tax losses	5,875,689	4,959,359
Unabsorbed capital allowances	708,405	643,844
	<u>6,584,094</u>	<u>5,603,203</u>
Potential tax benefits calculated at 24% tax rate	<u>1,580,183</u>	<u>1,344,769</u>

The unutilised tax losses and unabsorbed capital allowances are subject to agreement with the Inland Revenue Board.

20. BIOLOGICAL ASSETS

	2017 RM	Group 2016 RM
At beginning of the financial year	3,414,395	3,414,395
Addition	10,400	-
At end of the financial year	<u>3,424,795</u>	<u>3,414,395</u>

Notes to the Financial Statements (Cont'd)

21. INVENTORIES

	2017 RM	Group 2016 RM
Completed property units	59,011,884	59,338,002
Finished goods	5,765,946	6,595,342
Raw materials	190,840	321,975
Odd lot land	115,860	115,860
Production supplies	66,898	61,630
	65,151,428	66,432,809

22. PROPERTY DEVELOPMENT COSTS**Group****2017**

	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Cumulative property development costs :				
At beginning of the financial year	191,378,027	44,513,431	150,618,819	386,510,277
Cost incurred during the financial year	-	-	51,926,322	51,926,322
At end of the financial year	191,378,027	44,513,431	202,545,141	438,436,599
Cumulative cost recognised in profit or loss :				
At beginning of the financial year				(48,421,659)
Recognised during the financial year				(52,495,598)
At end of the financial year				(100,917,257)
Property development costs at end of the financial year				337,519,342

Notes to the Financial Statements (Cont'd)

22. PROPERTY DEVELOPMENT COSTS (CONT'D)**Group****2016**

	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Cumulative property development costs :				
At beginning of the financial year	201,188,101	44,513,431	109,848,938	355,550,470
Cost incurred during the financial year	-	-	54,094,720	54,094,720
Reversal of completed project	(9,810,074)	-	(13,324,839)	(23,134,913)
At end of the financial year	191,378,027	44,513,431	150,618,819	386,510,277
Cumulative cost recognised in profit or loss :				
At beginning of the financial year				(57,812,771)
Recognised during the financial year				(13,743,801)
Reversal of completed project				23,134,913
At end of the financial year				(48,421,659)
Property development costs at end of the financial year				338,088,618

23. TRADE & OTHER RECEIVABLES

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Trade receivables	22,543,893	22,140,893	-	-
Other receivables	2,903,712	4,141,729	-	364
Deposits	2,892,012	2,681,209	193,053	8,453
	28,339,617	28,963,831	193,053	8,817
Less : Allowance for impairment				
- Trade receivables	(758,621)	(709,977)	-	-
- Other receivables	(165,738)	(165,738)	-	-
	27,415,258	28,088,116	193,053	8,817

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2016: 30 to 150 days) terms. They are recognised at their original invoiced amounts which represent their values on initial recognition.

Included in trade receivables of the Group is the retention of progress billings for contract works amounting to RM598,007 (2016: RM598,007).

Other receivables are non-interest bearing and repayable on demand.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers,

Notes to the Financial Statements (Cont'd)

23. TRADE & OTHER RECEIVABLES (CONT'D)

which cover a broad spectrum of end markets. The Group's historical experience in collection of debts falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The ageing analysis of the Group's trade receivables is as follow :

	2017 RM	2016 RM
Neither past due nor impaired	16,301,665	17,814,549
1 to 30 days past due but not impaired	468,641	563,004
31 to 60 days past due but not impaired	61,314	68,129
61 to 90 days past due but not impaired	26,009	9,960
More than 91 days past due but not impaired	4,927,643	2,975,274
Impaired	758,621	709,977
	22,543,893	22,140,893

The Group has trade receivables amounting to RM5,483,607 (2016: RM3,616,367) that are past due at the reporting date but not impaired. These include mainly trade receivables past due for technical or strategic reasons and there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

	2017 RM	2016 RM
Movement in allowance accounts :		
At 1 January	875,715	789,896
Charge for the financial year	119,811	186,893
Reversal of impairment losses	(67,050)	(101,074)
Written off	(4,117)	-
At 31 December	924,359	875,715

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

24. OTHER CURRENT ASSETS

	2017 RM	Group 2016 RM
Amount due from contract customers (Note (25))	4,505,238	4,606,680
Accrued billings in respect of property development costs	23,912,736	4,645,593
Prepayments	127,602	250,240
	28,545,576	9,502,513

Notes to the Financial Statements (Cont'd)

25. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group 2017 RM	2016 RM
Aggregate costs incurred to date	14,433,948	15,514,248
Add : Recognised profits	1,192,789	1,409,931
	15,626,737	16,924,179
Less : Progress billings	(12,831,402)	(14,027,402)
	2,795,335	2,896,777
Representing by :		
Amount due from contract customers	4,505,238	4,606,680
Amount due to contract customers	(1,709,903)	(1,709,903)
	2,795,335	2,896,777

26. AMOUNT DUE FROM/(TO) RELATED PARTIES

	Group 2017 RM	2016 RM	Company 2017 RM	2016 RM
(a) Amount due from related parties				
Amount due from subsidiaries	-	-	53,948	8,479,876

	Group 2017 RM	2016 RM	Company 2017 RM	2016 RM
(b) Amount due to related parties				
Amount due to holding company	5,334,000	5,334,000	-	-
Amount due to subsidiaries	-	-	202,511,687	111,499,815
Amount due to related companies	48,667,453	48,667,453	-	-
	54,001,453	54,001,453	202,511,687	111,499,815

(c) Amount due from/(to) subsidiaries

The amount due from/(to) subsidiaries pertain mainly to advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand.

(d) Amount due to related parties

The amount due to related parties pertain mainly to purchase of land, advances, receipts and payments on behalf. The outstanding amounts are unsecured, interest free and repayable on demand.

(e) Holding company

The amount due from/(to) holding company pertains mainly to advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand.

The Directors regard Delta Industries Sdn. Bhd., a company incorporated in Malaysia as its holding company.

Notes to the Financial Statements (Cont'd)

27. CASH & BANK BALANCES

Included in the cash & bank balances of the Group are amounts of RM13,912,687 (2016: RM14,792,834) which are held pursuant to Section 7A of the Housing Development (Control & Licensing) Amendment Act 2002 and therefore restricted from use in other operations.

28. SHARE CAPITAL

	Group/Company	
	2017	2016
	RM	RM
Authorised :		
1,000,000,000 ordinary shares of RM0.50 each	-	500,000,000
Issued and fully paid :		
At beginning of the financial year		
- 365,063,800 ordinary shares with no par value (2016: 365,063,800 ordinary shares of RM0.50 each)	182,531,900	182,531,900
Transition to no par value regime*	35,073,512	-
At end of the financial year		
- 365,063,800 ordinary shares with no par value (2016: 365,063,800 ordinary shares of RM0.50 each)	217,605,412	182,531,900

*The new Companies Act 2016 ("the Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM35,073,512 became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM35,073,512 for purposes as set out in Section 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

(a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at an Annual General Meeting held on 15 June 2017, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

There are no repurchase of own shares during the financial year ended 31 December 2017.

29. SHARE PREMIUM

	Group/Company	
	2017	2016
	RM	RM
At beginning of the financial year	35,073,512	35,073,512
Transition to no par value regime (refer to Note 28)	(35,073,512)	-
At the end of the financial year	-	35,073,512

Notes to the Financial Statements (Cont'd)

30. FINANCE LEASE LIABILITIES

	2017 RM	Group 2016 RM
Minimum finance lease payments :		
Payable not later than 1 year	233,497	249,492
Payable later than 1 year and not later than 5 years	441,986	595,878
Payable later than 5 years	82,166	179,253
	757,649	1,024,623
Less : Future finance charges	(79,082)	(124,711)
Present value of finance lease liabilities	678,567	899,912
Present value of finance lease liabilities :		
Payable not later than 1 year	205,992	211,280
Payable later than 1 year and not later than 5 years	392,570	519,392
Payable later than 5 years	80,005	169,240
	678,567	899,912

The finance lease liabilities of the Group carry weighted average interest at the reporting date of 3.06% (2016: 3.12%) per annum.

31. TRADE & OTHER PAYABLES

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Trade payables	11,816,791	8,666,113	-	-
Other payables	58,661,698	58,283,219	5,275	24,875
Accruals	1,322,086	1,698,906	27,231	41,743
	71,800,575	68,648,238	32,506	66,618

The currency exposure profile of trade payables is as follows :

Ringgit Malaysia	11,555,393	8,649,415	-	-
US Dollar	261,398	16,698	-	-
	11,816,791	8,666,113	-	-

Trade payables and other payables are non-interest bearing and normally settled on 30 to 90 days (2016: 30 to 90 days) terms and 30 to 90 days (2016: 30 to 90 days) terms respectively.

Included in the Group's accruals are post-employment defined contribution plan of RM14,165 (2016: RM17,963) in respect of Employees Provided Fund.

32. OTHER CURRENT LIABILITIES

	2017 RM	Group 2016 RM
Progress billings in respect of property development costs	25,250,000	31,096,559
Amount due to contract customers (Note 25)	1,709,903	1,709,903
	26,959,903	32,806,462

Notes to the Financial Statements (Cont'd)

33. SEGMENT INFORMATION

The Group is organised into the following main business segments :

(i) Property development & investment, construction and other related services rendered

Construction and development of residential, commercial and industrial properties. Property investment included provision of rental income and other services.

Other related services rendered include the provision of services related to the construction, property development & investment and administrative services.

(ii) Manufacturing and trading

Manufacturing and trading of automotive parts and related products.

(iii) Hotel and leisure related services

Provision of hospitality services, food and beverages.

(iv) Plantation

Plantation of oil palm and tropical fruits.

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions, allocate resources and assess performance.

The CODM receives separate reports for property development & investment, construction and other related services rendered businesses, they have been aggregated into one reportable segments as they have similar economic characteristics.

Although the plantation segment does not meet the quantitative thresholds required by FRS 8 for reportable segments, management has concluded that this segment should be reported, as it is closely monitored by CODM as a potential growth segment.

The geographical segment information is not presented as the Group's activities are carried out predominantly in Malaysia.

The segment information provided to the CODM for the reportable segments is as follows :

Notes to the Financial Statements (Cont'd)

33. SEGMENT INFORMATION (CONT'D)

	Property development & investment, construction and other related services rendered		Manufacturing & trading		Hotel & leisure related services		Plantation		Group	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
REVENUE										
Total revenue	104,683,867	57,609,600	35,001,932	38,106,245	15,154,985	14,846,078	6,375,814	4,945,935	161,216,598	115,507,858
Inter-segment sales	(502,366)	(177,000)	-	-	(5,088)	-	-	-	(507,454)	(177,000)
External sales	104,181,501	57,432,600	35,001,932	38,106,245	15,149,897	14,846,078	6,375,814	4,945,935	160,709,144	115,330,858
RESULTS										
Interest income	616,142	1,392,130	489,956	271,470	704,647	613,504	13,551	7,526	1,824,296	2,284,630
Finance costs	(35,244)	(23,763)	(1,000)	(1,620)	(10,385)	(6,505)	-	-	(46,629)	(31,888)
Share of results of associated companies	6,916	1,905	(99,390)	60,314	-	-	-	-	(92,474)	62,219
Profit before tax	29,370,879	24,400,275	1,714,556	1,518,602	504,748	911,101	1,346,880	787,353	32,937,063	27,617,331

Notes to the Financial Statements (Cont'd)

33. SEGMENT INFORMATION (CONT'D)

	Property development & investment, construction and other related services rendered		Manufacturing & trading		Hotel & leisure related services		Plantation		Group	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
ASSETS AND LIABILITIES										
Investment in associated companies	1,359,035	1,352,119	93,123	192,513	-	-	-	-	1,452,158	1,544,632
Other segment assets	708,153,579	663,864,446	35,730,072	35,368,093	103,285,561	126,294,238	37,672,399	36,802,233	884,841,611	862,329,010
Borrowings	573,323	765,332	-	-	105,244	134,580	-	-	678,567	899,912
Other segment liabilities	213,345,285	216,376,457	3,419,997	3,840,085	2,547,535	2,241,269	495,295	152,024	219,817,112	222,609,835
OTHER SEGMENT INFORMATION										
Addition to non-current assets	2,669,761	930,789	14,644	212,924	4,034,368	4,871,206	601,341	416,111	7,320,114	6,431,030
Depreciation & amortisation	3,174,011	1,997,663	137,537	149,639	2,760,606	2,375,234	240,968	292,433	6,313,122	4,814,969
Other non-cash expenses	9,536	98,714	378,127	134,625	2,592	10,823	5,000	-	395,255	244,162

Notes to the Financial Statements (Cont'd)

33. SEGMENT INFORMATION (CONT'D)

- (a) Addition to non-current assets consists of :

	2017 RM	Group 2016 RM
Property, plant & equipment	4,759,945	6,122,546
Investment properties	1,095,513	121,715
Land held for property development	1,464,656	186,769
	7,320,114	6,431,030

- (b) Major customers

There are no major customers with revenue equal or more than 10 per cent of the Group's total revenue.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

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

	2017 RM	Group 2016 RM
Salaries and other short-term employee benefits	2,369,960	2,333,160
Post-employment benefits - defined contribution plan	172,560	170,994
	2,542,520	2,504,154

The above is in respect of the total compensation to Directors of the Group.

35. CONTINGENT LIABILITIES - unsecured

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

36. OPERATING LEASE ARRANGEMENT

- (a) The Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are analysed as follows :

Notes to the Financial Statements (Cont'd)

36. OPERATING LEASE ARRANGEMENT (CONT'D)

(a) The Group as lessor (Cont'd)

	2017 RM	Group 2016 RM
Not later than 1 year	9,045,105	7,361,057
Later than 1 year and not later than 5 years	7,693,747	2,393,546
	16,738,852	9,754,603

(b) The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are analysed as follows :

	2017 RM	Group 2016 RM
Not later than 1 year	252,000	264,400
Later than 1 year and not later than 5 years	462,000	220,000
	714,000	484,400

The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms between one and three years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

37. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

(i) Property development

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

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

(ii) Estimated impairment of goodwill

The Group determines annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on either fair value less costs to sell or value-in-use calculations. These calculations require the use of estimates as set in Note 17(i) and (ii).

Changing the assumptions selected by management, in particular the market price of properties, gross margin, discount rate and growth rate assumptions used in the cash flow projections or impairment test of goodwill, could significantly affect the Group's results. The Group's review includes the key assumptions related to sensitivity in the cash flow projections. Detail of sensitivity to change in key assumptions are disclosed in Note 17(iii).

Notes to the Financial Statements (Cont'd)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations are subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, market risk, liquidity and cash flow risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The Board regularly reviews these risks and approves treasury policies, which covers the management of these risks. It is not the Group's policy to engage in speculative transactions.

(a) Foreign currency exchange risk

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

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group, primarily RM. The foreign currencies in which these transactions are denominated are mainly in US Dollar.

The currency exposure of trade payables at the reporting date is disclosed in the Notes 31 to the Financial Statements.

The Company does not enter into any financial instrument to hedge the movement in the foreign currency exchange rates unless the risk is deemed to be significant.

As the influence of foreign currency changes on the profit or loss is immaterial, no sensitivity analysis has been conducted.

(b) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its cash and cash equivalents and interest-bearing loans and borrowings.

The Group's and the Company's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rate had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM48,000 (2016: RM45,000) higher/lower, arising mainly as a result of higher/lower interest income from fixed deposits.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk is primarily from receivables, refer to Note 23. These debts are continually monitored and therefore, the Group and the Company does not expect to incur material credit losses. For other financial assets (including cash & bank balances) the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

Exposure of credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of financial assets recognised in the Statements of Financial Position.

Credit risk concentration profile

The Group and the Company has no significant concentration of credit risk with a single customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are credit worthy debtors with good payment record with the Group and the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23 to the Financial Statements.

(d) Market risk

Market price risks mainly result from raw materials. No financial instruments are used for the hedging of the acquisition of raw materials.

Notes to the Financial Statements (Cont'd)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**(e) Liquidity and cash flow risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2017				
Financial liabilities :				
Payables	71,800,575	-	-	71,800,575
Related parties	54,001,453	-	-	54,001,453
Borrowings	233,497	441,986	82,166	757,649
Total	126,035,525	441,986	82,166	126,559,677

2016

Financial liabilities :

Payables	68,648,238	-	-	68,648,238
Related parties	54,001,453	-	-	54,001,453
Borrowings	249,492	595,878	179,253	1,024,623
Total	122,899,183	595,878	179,253	123,674,314

Company	On demand or within one year RM	One to five years RM	Total RM
2017			
Financial liabilities :			
Payables	32,506	-	32,506
Related parties	202,511,687	-	202,511,687
Total	202,544,193	-	202,544,193

2016

Financial liabilities :

Payables	66,618	-	66,618
Related parties	111,499,815	-	111,499,815
Total	111,566,433	-	111,566,433

Notes to the Financial Statements (Cont'd)

39. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group and the Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's and the Company's capital management is dependent on capital requirements of the business or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Company's structure.

The Group and the Company monitor and manage capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company included within net debt, total financial liabilities less cash and cash equivalents. Capital includes equity attributable to the owners. The Group and the Company target to maintain a low gearing ratio.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade & other payables	71,800,575	68,648,238	32,506	66,618
Amount due to related parties	54,001,453	54,001,453	202,511,687	111,499,815
Loans & borrowings	678,567	899,912	-	-
Less: Cash & cash equivalents	(73,487,150)	(66,497,498)	(7,565)	(88,132)
Net debt	52,993,445	57,052,105	202,536,628	111,478,301
Equity attributable to owners	640,868,467	616,678,524	246,561,119	246,351,628
Capital and net debt	693,861,912	673,730,629	449,097,747	357,829,929
Gearing ratio	7.64%	8.47%	45.10%	31.15%

Under the requirement of Bursa Malaysia, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

Notes to the Financial Statements (Cont'd)

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Note	Loans and receivables		Available-for-sale		Total	
		2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Group							
Financial Assets							
Non-current							
Investments	16	-	-	68,607	100,885	68,607	100,885
Fixed deposits	18	2,399,077	2,385,229	-	-	2,399,077	2,385,229
Current							
Trade & other receivables	23	27,415,258	28,088,116	-	-	27,415,258	28,088,116
Fixed deposits	18	45,767,951	43,289,455	-	-	45,767,951	43,289,455
Cash & bank balances	27	25,320,122	20,822,814	-	-	25,320,122	20,822,814
Total		100,902,408	94,585,614	68,607	100,885	100,971,015	94,686,499

		Other financial liabilities at amortised cost	
	Note	2017 RM	2016 RM
Financial Liabilities			
Non-current			
Borrowings	30	472,575	688,632
Current			
Borrowings	30	205,992	211,280
Amount due to related parties	26	54,001,453	54,001,453
Trade & other payables	31	71,800,575	68,648,238
Total		126,480,595	123,549,603

Notes to the Financial Statements (Cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

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

	Note	Loans and receivables		Available-for-sale		Total	
		2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Company							
Financial Assets							
Non-current							
Investments	16	-	-	150,982	150,982	150,982	150,982
Current							
Trade & other receivables	23	193,053	8,817	-	-	193,053	8,817
Amount due from related parties	26	53,948	8,479,876	-	-	53,948	8,479,876
Cash & bank balances	27	7,565	88,132	-	-	7,565	88,132
Total		254,566	8,576,825	150,982	150,982	405,548	8,727,807

	Note	Other financial liabilities at amortised cost	
		2017 RM	2016 RM
Financial Liabilities			
Current			
Amount due to related parties	26	202,511,687	111,499,815
Trade & other payables	31	32,506	66,618
Total		202,544,193	111,566,433

Notes to the Financial Statements (Cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**(b) Fair value of financial instruments**

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

It was not practicable to estimate the fair value of the Group's and the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the Statements of Financial Position, are as follows :

	2017		2016	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Quoted shares	68,607	102,060	100,885	95,655
Company				
Quoted shares	64,980	98,433	64,980	93,333
Unquoted shares	86,002	*	86,002	*

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table :

Investments in equity securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

*Unquoted shares carried at cost (Note 16)

Fair value information has not been disclosed for these unquoted equity instruments as fair value cannot be measured reliably as these instruments are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

(c) Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets carried at fair value in the Statements of Financial Position as at 31 December 2017 are as follows :

- i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- iii) Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

41. CHANGE OF NAME

On 8 November 2017, the Company changed its name from A & M Realty Berhad to Amverton Berhad.

Notes to the Financial Statements (Cont'd)

42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 12 April 2018.

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Analysis of Shareholdings

AS AT 30 MARCH 2018

Issued Capital	:	365,063,800 Ordinary Shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of Holders	:	2,303

ANALYSIS OF EQUITY STRUCTURE

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	27	1.17	540	0.00
100 - 1,000	141	6.12	89,720	0.03
1,001 - 10,000	1,647	71.52	7,448,300	2.04
10,001 - 100,000	407	17.67	13,093,512	3.59
100,001 - 18,253,189 (*)	78	3.39	116,581,636	31.93
18,253,190 and above (**)	3	0.13	227,850,092	62.41
Total	2,303	100.00	365,063,800	100.00

Remarks : * Less than 5% of issued Shares
 ** 5% and above of issued Shares

LIST OF DIRECTOR'S SHAREHOLDINGS

Name	Direct Holdings		Indirect Holdings	
	No	%	No	%
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	39,822,112	10.91	223,821,180	61.31
Puan Sri Datin Catherine Yeoh Eng Neo	14,018,200	3.84	249,625,092	68.38
Tan Sri Dato' Dr. Sak Cheng Lum	-	-	-	-
Datuk Ng Thian Kwee	-	-	-	-
Mat Ripen Bin Mat Elah	-	-	-	-
Tan Jiu See	-	-	-	-
Dato' Milton Norman Ng Kwee Leong	1,400,000	0.38	255,147,392	69.89
Steven Junior Ng Kwee Leng	1,000,000	0.27	255,147,392	69.89
Malcolm Jeremy Ng Kwee Seng	3,507,900	0.96	259,347,392	71.04
Ooi Hock Guan	-	-	-	-
Ooi Hun Yong	50,000	0.01	-	-

LIST OF SUBSTANTIAL SHAREHOLDINGS

No	Name	Direct Holdings		Indirect Holdings	
		No	%	No	%
1.	Dalta Industries Sdn. Bhd.	201,307,080	55.14	-	-
2.	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	39,822,112	10.91	223,821,180	61.31

Analysis of Shareholdings (Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Dalta Industries Sdn. Bhd.	132,536,312	36.30
2.	Dalta Industries Sdn. Bhd.	66,911,568	18.33
3.	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	28,402,212	7.78
4.	Golden Approval Sdn. Bhd.	17,108,300	4.68
5.	Puan Sri Datin Catherine Yeoh Eng Neo	13,941,200	3.82
6.	Mujur Cemerlang Sdn. Bhd.	12,955,700	3.55
7.	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	11,419,900	3.13
8.	Quality Decor Sdn. Bhd.	10,021,900	2.74
9.	Quality Decor Sdn. Bhd.	5,826,500	1.60
10.	Lim Hui Y'ng	4,200,000	1.15
11.	Malcolm Jeremy Ng Kwee Seng	3,507,900	0.96
12.	Wong Ah Tim & Ong Ah Tin	2,830,000	0.78
13.	Telus Cemerlang Sdn. Bhd.	2,725,300	0.75
14.	Pandang Usaha Sdn. Bhd.	2,217,436	0.61
15.	Dato' Ambrose Leonard Ng Kwee Heng	2,188,000	0.60
16.	Dalta Industries Sdn. Bhd.	1,859,200	0.51
17.	Mujur Cemerlang Sdn. Bhd.	1,851,200	0.51
18.	Lee Thian Lye	1,510,000	0.41
19.	Lim Theng Sian	1,430,000	0.39
20.	Dato' Milton Norman Ng Kwee Leong	1,344,000	0.37
21.	Steven Junior Ng Kwee Leng	1,000,000	0.27
22.	Public Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for EURP (Sarawak) Sdn. Bhd. [E-PDG])	869,000	0.24
23.	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Liau Thai Min)	826,100	0.23
24.	Koh Bee Lan	782,900	0.21
25.	Golden Approval Sdn. Bhd.	765,300	0.21
26.	HLIB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Beh Hang Kong)	698,000	0.19
27.	TA Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Lim Chye)	661,800	0.18
28.	Telus Cemerlang Sdn. Bhd.	651,800	0.18
29.	AMSEC Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Beh Hang Kong)	618,000	0.17
30.	Public Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Tee Kim Hew [E-KLG/BTG])	585,300	0.16
TOTAL		332,244,828	91.01

List of Properties

The details on the A & M Group's landed properties are set out below :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/ revaluation
HS(D) 749, Lot 9146 Mukim Rasah District of Seremban Negeri Sembilan Darul Khusus	Agricultural	Freehold	-	6.048	185	1989
E.M.R. 6202, Lot 5022 Jalan Meru Mukim Kapar District of Klang Selangor Darul Ehsan	Industrial	Freehold	-	3	180	1988
HS(D) 13802-13804, PT 254-256 HS(D) 13814-13817, PT 266-269 (Lot 19, C.T. 11661) Mukim Klang District of Klang Selangor Darul Ehsan	Residential & Commercial	Freehold	-	0.348	373	1991
HS(M) 11649, PT 9867 HS(M) 11650, PT 9868 HS(M) 11651, PT 9869 Persiaran Raja Muda Musa District of Klang Selangor Darul Ehsan	Commercial (3 units of 3-storey shophouse)	Freehold	38 years	0.127	1,682	1990
PT 10888-10912 Batu 4 1/2 Jalan Kebun Kampung Jawa	Commercial (23 units of double storey industrial lot)	Freehold	31 years	0.95	7,486	1994
HS(D) 3710-3715 PT 1157-1161 Mukim Durian Tunggal District of Alor Gajah Melaka	Motels, Hotels & Condominium	Freehold	-	22	1,274	1991
PT1156 Mukim Durian Tunggal District of Alor Gajah Melaka	Hotel	Freehold	21 years	11.62	36,803	1991
HS(D) 18005, PT 17480 HS(D) 20199, PT 18462 Mukim Klang District of Klang Selangor Darul Ehsan	Commercial	Freehold	-	0.76	60	1985

List of Properties (Cont'd)

The details on the A & M Group's landed properties are set out below (Cont'd) :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/ revaluation
Grant 19950, Lot 10340 Grant 19972, Lot 10362 Grant 19988, Lot 10378 Mukim Klang District of Klang Selangor Darul Ehsan	Residential & Commercial	Freehold	-	14.99	4,430	1994
Grant 20032, Lot 10422 Mukim Klang District of Klang Selangor Darul Ehsan	Residential	Freehold	-	14.956	2,019	1994
B03-08, 8th Floor, Block B Pusat Dagangan Phileo Damansara II Jalan Damansara Petaling Jaya Selangor Darul Ehsan	Commercial	Freehold	17 years	0.06	666	1996
E.M.R. 7252, 7525, 7540, 7568, 6450, 6457, 6905, 6909, Lot 4414, 4427-4429, 4565, 4567, 4568, 4570, 4582 & 4586 Meru, Mukim Kapar District of Klang Selangor Darul Ehsan	Agricultural	Freehold	-	30	230	1994
Grant 20109, Lot 10499 Taman Sentosa District of Klang Selangor Darul Ehsan	Residential	Freehold	-	8.4	56	1991
Grant 25821, Lot 89 Grant 35149, Lot 37727 District of Klang Selangor Darul Ehsan	Industrial	Freehold	-	4.686	324	1983
E.M.R. 2856, Lot 704 E.M.R. 2570, Lot 705 Mukim Morib District of Kuala Langat Selangor Darul Ehsan	Residential & Agricultural	Freehold	-	8.9	260	1984
Grant 20030, Lot 10420 Mukim Klang District of Klang Selangor Darul Ehsan	Residential	Freehold	-	9.7	190	1988

List of Properties (Cont'd)

The details on the A & M Group's landed properties are set out below (Cont'd) :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/ revaluation
Grant 20031, Lot 10421 Mukim Klang District of Klang Selangor Darul Ehsan	Residential & Commercial	Freehold	-	6.506	4,950	1999
Grant 26565, Lot 9886 Jalan Kebun Mukim Klang District of Klang Selangor Darul Ehsan	Industrial	Freehold	-	6.094	255	1992
PT 3532, 3539, 3540, 3556, 675 HS(D) 80452, 80459, 80460, 80357, 28046 Mukim Jugra District of Kuala Langat Selangor Darul Ehsan	Agricultural	Leasehold (Expire in 2105)	-	1,373.22	2,987	1990
PT 673-674, 676-677, 730-736, 3533, 3535, 3537 HS(D) 28044, 80457, 28047-26048, 34187-34193, 80454-80455, 28045 Mukim Jugra District of Kuala Langat Selangor Darul Ehsan	Residential & Commercial	Leasehold (Expire in 2105)	-	528.19	1,225	1990
Grant 39305, Lot 110 Grant 39306, Lot 112 Mukim Klang District of Klang Selangor Darul Ehsan	Commercial (8-storey and 12 storey office buildings)	Freehold	17 years	2.021	16,686	1983
Lot 10344-10346 Mukim & District of Klang Selangor Darul Ehsan	Residential & Agricultural	Freehold	-	23.081	6,924	1996
PT 35664 Taman Sentosa Mukim Klang Selangor Darul Ehsan	Commercial	Freehold	-	1.41	102	1989
Lot 407 Mukim Batang Berjuntai Kuala Selangor Selangor Darul Ehsan	Residential	Freehold	-	17.21	1,177	1991
PT 1029, HS(D) 34192 Mukim Klang Selangor Darul Ehsan	Hotel	Leasehold (Expire in 2092)	-	0.4585	269	1989

List of Properties (Cont'd)

The details on the A & M Group's landed properties are set out below (Cont'd) :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/revaluation
Lot No 57687 Daerah Klang Mukim Klang Selangor Darul Ehsan	Residential	Freehold	-	8.17	13,800	2005
PT 64300 & 64301 HS(D) 96096 & 96097 Daerah Klang Mukim Klang Selangor Darul Ehsan	Residential	Freehold	-	12.13	18,145	2005
Lot 10361 Daerah Klang Mukim Klang Selangor Darul Ehsan	Commercial	Freehold	-	9.73	2,141	1994
HS(D) 424, PT 467 HS(D) 434, PT 477 Mukim Taboh Naning Alor Gajah, Melaka	Agricultural	Freehold	-	20.0	2,400	1997
HS(D) 239, PT 282 HS(D) 240, PT 283 HS(D) 241, PT 284 HS(D) 242, PT 285 Mukim Tabong Naning Alor Gajah, Melaka	Agricultural	Freehold	-	42.0	4,148	1997
HS(D) 426, PT 469 HS(D) 427, PT 470 HS(D) 428, PT 471 HS(D) 429, PT 472 Mukim Tabong Naning Alor Gajah, Melaka	Agricultural	Freehold	-	40.0	4,800	1997
HS(D) 243, PT 286 HS(D) 244, PT 287 HS(D) 245, PT 288 HS(D) 246, PT 289 Mukim Tabong Naning Alor Gajah, Melaka	Agricultural	Freehold	-	40.0	4,800	1997
PT 87132,144389, HS(D) 22518,150997 Daerah Klang Mukim Klang Selangor Darul Ehsan	Industrial	Leasehold (Expires in 2093)	-	13.947	1,033	1995

List of Properties (Cont'd)

The details on the A & M Group's landed properties are set out below (Cont'd) :

Location	Description	Tenure Year of expiry	Approximate age of building	Land Area (Built-up Area) in acres	Net Book value (RM'000)	Year of acquisition/ revaluation
PT 2996, HS(D) 1105 Mukim Batang Berjuntai Kuala Selangor Selangor Darul Ehsan	Light Industrial	Freehold	-	3.998	2,696	1997
HS(D) 24301, PT 3753 Daerah Kuala Langat Mukim Batu	Agricultural	Freehold	-	184.813	28,335	1996
Grant 1745, Lot 2369 Mukim Batu Kuala Lumpur	Residential	Freehold	-	3.032	16,800	2007
HS(D) 117471-117475 PT 119978-119982 HS(D) 117492-117494 PT 119975-119977 Mukim Klang District of Klang Selangor Darul Ehsan	Industrial	Leasehold (Expire in 2105)	-	16.417	3,690	2007
LOT 6032 Mukim Klang District of Klang Selangor Darul Ehsan	Residential & Commercial	Freehold	-	11.46	1,533	2009
PT 47417-47502 HS(D) 262212-262297 (Lot 14645 Geran 23670) Mukim Sungai Buloh District of Petaling Selangor Darul Ehsan	Residential	Freehold	-	76.76	25,711	2014
LOT 403, Geran 23669 Mukim Sungai Buloh District of Petaling Selangor Darul Ehsan	Residential	Freehold	-	44.70	15,625	2014

Proxy Form

Number of Share Held

CDS Account No.



I/We (Name of shareholder as per NRIC/ID, in Capital Letters) _____

NRIC No./ID No./Company No. _____ of (Full Address in Capital Letters) _____

_____ Tel. No. _____ being a member

of **AMVERTON BERHAD** ("AMVERTON" or "the Company"), hereby appoint (Name of proxy as per NRIC/ID, in Capital Letters) _____

_____ NRIC No./ID No. _____ of (Address) _____

_____ or failing whom (Name of proxy as

per NRIC/ID, in Capital Letters) _____ NRIC No./ID No. _____

of (Address) _____

or failing whom, the Chairman of the meeting as my/our proxy to vote for me/our behalf at the Twenty Eighth (28th) Annual General Meeting of the Company to be held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan on Thursday, 21 June 2018 at 11.00 a.m. or at any adjournment thereof.

AGENDA			
To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2017.			
ORDINARY RESOLUTION	RESOLUTION	FOR	AGAINST
Re-election of Tan Sri Dato' Dr. Sak Cheng Lum who retires in accordance with Article 100 of the Company's Constitution.	1		
Re-election of Mat Ripen Bin Mat Elah who retires in accordance with Article 100 of the Company's Constitution.	2		
Re-election of Tan Jiu See who retires in accordance with Article 100 of the Company's Constitution.	3		
Re-election of Ooi Hun Yong who retires in accordance with Article 83 of the Company's Constitution.	4		
To approve the payment of Directors' fee and benefits of an amount up to RM180,000 from the date of this Annual General Meeting until the following Annual General Meeting of the Company.	5		
To re-appoint Messrs. HLB Ler Lum, as Auditors of the Company and to authorise the Directors to fix their remuneration.	6		
Authority to Allot and Issue Shares pursuant to Section 75 and Section 76 of the Companies Act, 2016.	7		
Proposed Renewal of Authority to Purchase Its Own Shares.	8		
Retention of Ooi Hock Guan as an Independent Director.	9		
Retention of Tan Sri Dato' Dr. Sak Cheng Lum as an Independent Director.	10		
Retention of Mat Ripen Bin Mat Elah as an Independent Director.	11		
Retention of Tan Jiu See as an Independent Director.	12		

Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If you do not do so, your proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Signature of member(s)/Seal of Shareholders

Dated this _____ day of _____ 2018

Notes:

- A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of its attorney.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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 the proxy must be deposited at the Registered Office of the Company at No 22C, Jalan Gelugor, 41050 Klang, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjournment thereof.
- Only members whose names appear in the Record of Depositors as at 14 June 2018 will be entitled to attend and vote at the meeting.
- Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 28th AGM will be put to vote on a poll.

STAMP

AMVERTON BERHAD (177214-H)
(Formerly Known as A & M Realty Berhad)
PD Professional Advisory Sdn. Bhd. (955190-T)
No.22C, Jalan Gelugor,
41050 Klang,
Selangor Darul Ehsan.

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