YTL Land &
Development Berhad

Annual Report **2018**

BUILDING THE RIGHT THING

The Journey Continues...

CONTENTS

YTL LAND & DEVELOPMENT BERHAD
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BUILDING THE RIGHT THING

The Journey Continues...

Our work stands the test of time by turning the right opportunity into the right thing and the right thing into lasting value. YTL is about building value that is not simply lasting, but is worthy of lasting.

Tribute

TAN SRI DATO' SERI (DR) YEOH TIONG LAY
1929 - 2017

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay built the YTL Group from a small construction company to its place as a global company today. A historical figure whose leadership helped to shape the path of Malaysia as a nation, he was a continual source of inspiration and motivation to the YTL Group. Under his stewardship over the more than 60 years since its humble beginnings, the YTL Group has grown into an integrated infrastructure developer with international operations across three continents, in countries including the United Kingdom, Singapore, Australia, Japan, Jordan, Indonesia, China, France and Thailand.

To Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, the YTL Group was more than just divisions and companies, it was the driving force in his life and a family that he nurtured and protected. His energy was inexhaustible and his interest in company affairs unrelenting. The growth and development of the YTL Group was always rooted in his determination to build a strong, responsible and sustainable company for the benefit of his family, employees, business partners and the wider community, and this is his legacy. His work ethic was exemplary and his humility was a testimony to the great man and leader that he was.

He believed in the importance of unity and of investing in people. While the business flourished and thrived under his industrious leadership, he placed utmost importance on those who grew together with him in the company. His employees became his extended family members and he treated them as such. Even through difficult periods, he pressed on in order to secure a bright future for this extended YTL family for generations to come.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay was a man who led by example. The YTL Group's brand values of hard work, honesty, moral responsibility, togetherness and vitality are not mere words; they are values that he personally embodied. The example he set instilled a culture of innovation to drive the business forward whilst remaining true to the values and ethics that form the foundations of the multi-generational organisation he built.

He was renowned for his deep passion for philanthropy and served as the Chairman of YTL Foundation. His dedication to creating ladders of opportunities for children through education was legendary, as was his untiring generosity with his time, compassion and resources. On a personal level he devoted much of his time to numerous philanthropic organisations. Education was especially close to his heart as his beloved wife, Puan Sri Datin Seri Tan Kai Yong, was a teacher herself. In just one example of his commitment, he served as Chairman of the Board of Governors of his alma mater, Hin Hua High School Klang, and spearheaded its transformation into one of the best independent Chinese secondary schools in the country.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay passed away peacefully on 18 October 2017 at the age of 88. He is survived by his wife, Puan Sri Datin Seri Tan Kai Yong, his seven children, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Soo Min, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng and Dato' Mark Yeoh Seok Kah, and his 27 grandchildren and 6 great-grandchildren.

No words can fully express how deeply our beloved founder will be missed. The YTL Group remains committed to the values on which he built this organisation and will move forward to sustain the enduring legacy he left behind, and continue the remarkable journey he started. Our journey continues...

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, *CBE, FICE*
Executive Chairman, YTL Land & Development Berhad

Chairman's Statement

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE
Executive Chairman

The financial year under review saw the completion of the current residential property development projects of YTL Land & Development Berhad ("YTL L&D") and its subsidiaries ("Group") in Malaysia and Singapore.

The Malaysian economy registered robust gross domestic product (GDP) growth of 5.9% for the 2017 calendar year, compared to 4.2% in 2016 anchored by domestic demand, supported mainly by faster expansion in both private and public sector spending. The economy grew at a slower pace registering GDP growth of 5.4% in the first quarter and 4.5% in the second quarter of 2018. Despite showing stronger expansion in private sector spending and private consumption, growth was weighed down by supply disruptions in the mining sector and lower agriculture production and further dampened by lower public investment on the demand side. Growth

in the domestic residential property market continued to moderate throughout 2017 as the number of unsold completed residential properties hit a record-high during the year. Meanwhile, Singapore's economy grew 3.6% in 2017, with growth of approximately 3.9% for the first half of the 2018 calendar year *(sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry updates & reports).*

The Group recorded revenue of RM328.9 million for the financial year ended 30 June 2018 compared to RM367.9 million last year, and incurred a loss before tax of RM20.2 million compared to a profit before tax of RM32.8 million last year.

The decreased revenue mainly resulted from lower progress billings from The Fennel, Dahlia and U-Thant Place projects, as these projects are at completion, whilst the loss before tax was due to the lower net realisable value of inventories held under the Group's 3 Orchard By-The-Park project in Singapore. The residential property market in Singapore has seen ongoing efforts by the government to manage the affordability of housing over the past several years. Since 2011, successive waves of new regulations relating to foreign ownership, financing margins and requirements and other similar measures have dampened market sentiment and potential buyers have become increasingly cautious.

This year saw the completion of The Fennel at Sentul East, the most recent phase to be delivered under the Group's Sentul Masterplan. Since it was first launched in 2002, the Group has successfully completed residential and commercial phases of the Sentul Masterplan, built The Kuala Lumpur Performing Arts Centre and elevated the development of the entire Sentul district and its surroundings.

The rejuvenation of Sentul as an attractive address within the Klang Valley has also drawn other property developers to the area, and the broader effect has been an overall increase in property values across the district and an improvement in commercial appeal, particularly for niche and boutique enterprises looking for a unique and highly contemporary location offering advanced architectural design and modern structural layouts.

Looking ahead, despite the challenging property market conditions in both Malaysia and Singapore, the Group remains optimistic that distinctive, well-conceptualised properties in strategic locations across these markets will continue to draw potential buyers. YTL L&D will continue to draw on its ability to innovate and formulate new avenues to propel sales momentum, particularly of its residential project in Singapore, in addition to continuing to time and price its new launches to deliver the optimal outcome to its stakeholders.

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING
PSM, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP

Management
Discussion & Analysis

GROUP
OVERVIEW

OVERVIEW

YTL Land & Development Berhad ("YTL L&D" or "Company") and its subsidiaries ("YTL L&D Group" or "Group") have an illustrious track record of creating some of the most uniquely conceptualised homes, commercial and retail developments and communities in Malaysia and Singapore. The Group's Sentul East and Sentul West developments, Lake Edge and Pantai Hillpark projects in Kuala Lumpur are the centrepieces of YTL L&D's vision to enhance value by combining nature with an innovative blend of residential, commercial and retail space, whilst in Singapore, the Group developed the Sandy Island Collection and Kasara, The Lake, in Sentosa Cove, and 3 Orchard By-The-Park, comprising exclusive luxury condominiums on Orchard Boulevard.

The principal activities of YTL L&D are investment holding and the provision of management, financial, treasury and secretarial services. The principal activities of the YTL L&D Group comprise property development and investment, real estate development, park management, and the provision of financial, management consultancy and property management services.

OBJECTIVES & STRATEGIES

With each successive development, from Spanish-inspired condo-villas, boutique SOHO (small-office/home-office) units and lakefront homes to the unique lifestyle of park living in Sentul and exquisite island villas in Sentosa Cove, YTL L&D strives to create varied lifestyles and set new benchmarks across Malaysia and Singapore for the benefit of all its owners and the communities in which it operates.

The principal components of the Group's strategy comprise:

- **Ongoing optimisation of the Group's capital structure.** The YTL L&D Group intends to maintain a balanced financial structure by optimising the use of debt and equity financing and ensuring the availability of internally generated funds and external financing to capitalise on development opportunities. Where possible, the Group endeavours to enter into partnerships and joint ventures with land owners to reduce the acquisition, holding and development costs of its landbanks.

- **Forging innovation in design and conceptualisation.** The YTL L&D Group maintains a distinctive outlook and design aesthetic that yields unconventional, compelling properties that are expansive and livable. Working with the best names in the fields of architecture, interior design and landscaping, YTL L&D reaffirms its belief in the inspirational power of great architecture. The deep-seated admiration for modern, contemporary design and harnessing the talents of the greatest names in their fields have led to an extensive portfolio of cutting-edge, landmark projects.

- **Building trust.** Trusted by buyers for decades, each and every property is built as a haven. YTL L&D's promise of safety and security is well-delivered, from its intuitively-conceptualised gated and guarded residential developments to masterfully-planned projects as seen in Sentul East and Sentul West in Kuala Lumpur. Each YTL L&D development is a testament to the enduring qualities of visionary yet timeless design, innovation and the enduring appeal of safety, shelter and comfort.

- **Building value.** The YTL L&D Group maintains a steadfast focus on creating value while improving lives. From rejuvenated urban enclaves in Sentul to the Mediterranean-inspired homes of Pantai Hillpark in Kuala Lumpur, Shorefront in Penang and the prestigious Sentosa Cove villa collections and 3 Orchard By-The-Park in Singapore, homeowners find a variety of high quality and exceptional premium offerings.

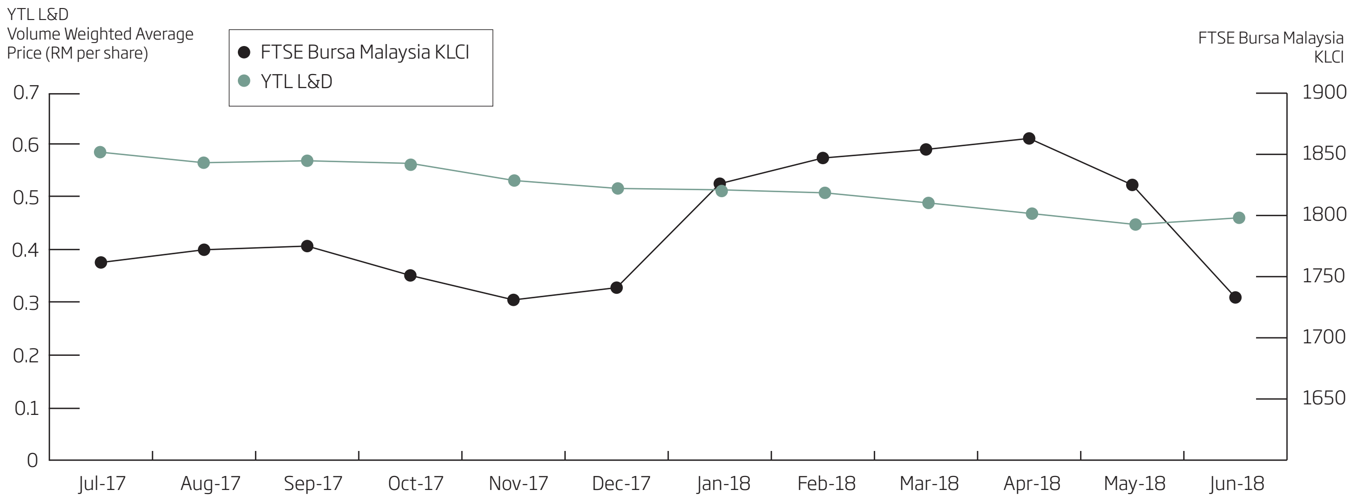
- **Sustainability and environmental protection.** The YTL L&D Group's commitment to environmental preservation ensures ample land is dedicated towards the creation of beautifully-landscaped gardens and open spaces. Each YTL L&D property is designed with thought and meticulous attention to detail, from dedicated landscaped gardens to open communal spaces and eco-conscious rainwater harvesting, all of which contribute to an environment that reflects the global citizen's increasingly-discerning and earth-aware approach to living.

PERFORMANCE INDICATORS

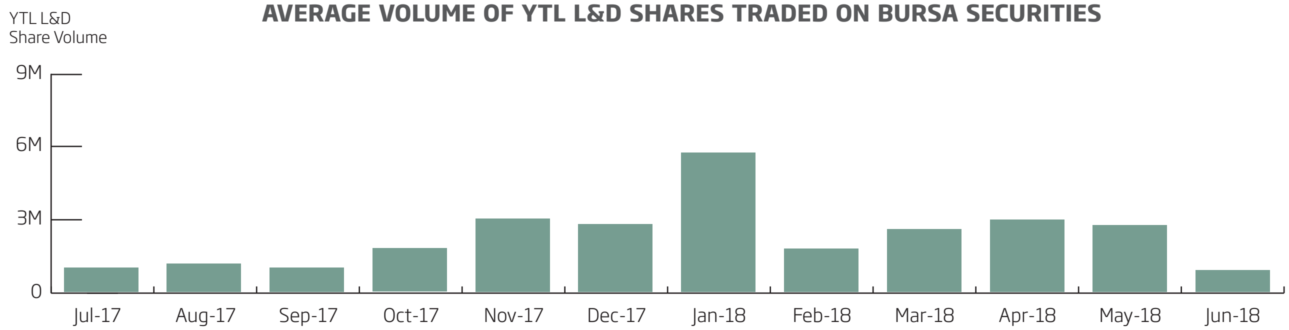
YTL L&D has been listed on Bursa Malaysia Securities Berhad ("Bursa Securities"), the Kuala Lumpur stock exchange, since 7 October 1973. YTL L&D is listed on the Main Market of the exchange under the Properties sector.

The graph below illustrates the performance of YTL L&D's share price compared with the FTSE Bursa Malaysia KLCI, the key component benchmark of Bursa Securities, during the financial year ended 30 June 2018.

PERFORMANCE OF YTL L&D's SHARE PRICE VS FTSE BURSA MALAYSIA KLCI



AVERAGE VOLUME OF YTL L&D SHARES TRADED ON BURSA SECURITIES



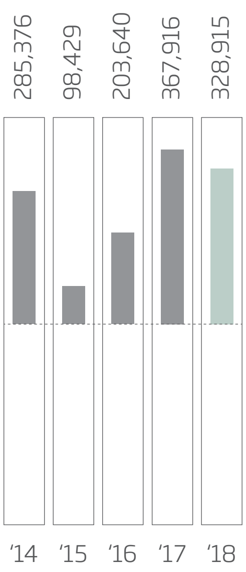
Source: Bloomberg

FINANCIAL REVIEW

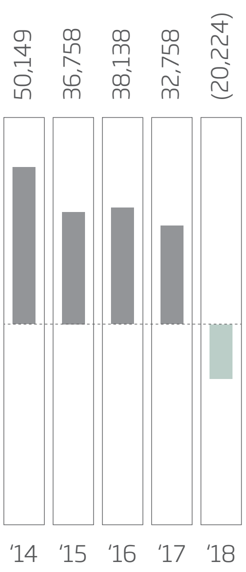
FINANCIAL HIGHLIGHTS

	2018	2017	2016	2015 *(Restated)*	2014 *(Restated)*
Revenue (RM'000)	**328,915**	367,916	203,640	98,429	285,376
(Loss)/Profit Before Taxation (RM'000)	**(20,224)**	32,758	38,138	36,758	50,149
(Loss)/Profit After Taxation (RM'000)	**(74,391)**	9,456	27,317	24,551	33,615
(Loss)/Profit for the Year Attributable to Owners of the Parent (RM'000)	**(74,379)**	5,144	16,395	20,669	23,782
Total Equity Attributable to Owners of the Parent (RM'000)	**775,377**	857,123	1,043,247	1,013,489	974,015
(Loss)/Earnings per Share (Sen)	**(5.04)**	1.01	1.92	2.51	2.80
Total Assets (RM'000)	**3,586,600**	3,632,809	3,346,634	2,996,555	2,776,954
Net Assets per Share (RM)	**0.94**	1.03	1.26	1.22	1.17

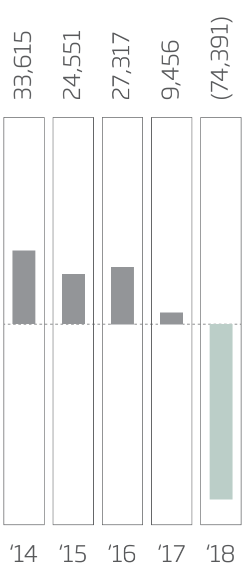
Revenue
(RM'000)



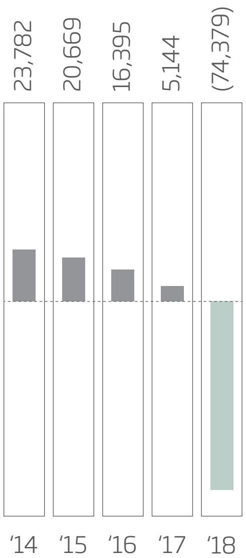
(Loss)/Profit Before Taxation
(RM'000)



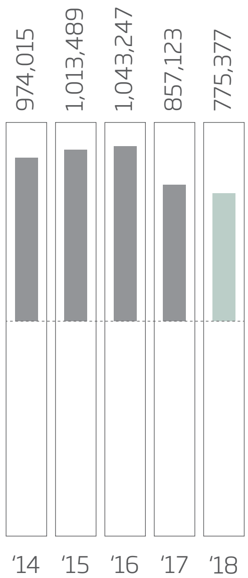
(Loss)/Profit After Taxation
(RM'000)



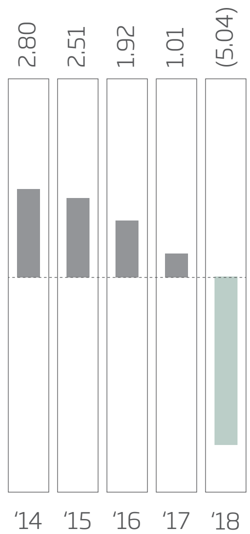
(Loss)/Profit for the Year Attributable to Owners of the Parent
(RM'000)



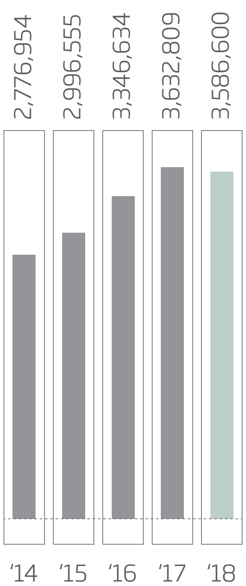
Total Equity Attributable to Owners of the Parent
(RM'000)



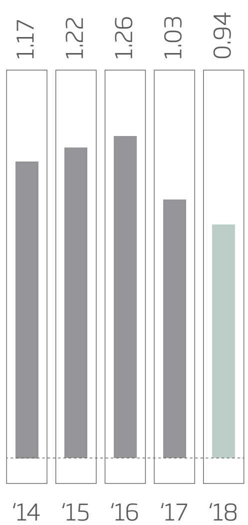
(Loss)/Earnings per Share
(Sen)



Total Assets
(RM'000)



Net Assets per Share
(RM)



Management Discussion & Analysis

Financial Review

REVIEW OF FINANCIAL PERFORMANCE

GROUP FINANCIAL PERFORMANCE

The YTL L&D Group recorded a revenue of RM328.9 million for the financial year ended 30 June 2018, representing a decrease of 10.6% as compared to RM367.9 million for the financial year ended 30 June 2017. The lower revenue was attributable to lower progress billings from The Fennel, Dahlia and U-Thant Place projects undertaken by Sentul Raya Sdn Bhd, PYP Sendirian Berhad and Budaya Bersatu Sdn Bhd.

The Group recorded a loss before tax of RM20.2 million for the financial year ended 30 June 2018 as compared to a profit before tax of RM32.8 million for the financial year ended 30 June 2017. The loss before tax was incurred mainly due to the lower net realisable value of inventories held under the 3 Orchard By-The-Park project developed by its wholly-owned subsidiary, YTL Westwood Properties Pte Ltd.

SEGMENTAL FINANCIAL PERFORMANCE

The Group has only one operating segment, property development and investment, which is evaluated regularly by management in deciding how to allocate resources and in assessing performance of the Group.

The investment holding segment which comprises Group-level corporate services, treasury and secretarial functions which are not directly attributable to the property development and investment segment, is not significant to be separately reported and evaluated by management.

Geographically, the main business segments of the Group are concentrated in Malaysia and Singapore. However, for the financial year ended 30 June 2018, there was no revenue contribution from Singapore.

DIVIDEND POLICY

The Board of Directors of YTL L&D has not adopted a set dividend policy. The Directors review the financial condition of YTL L&D on an annual basis in making decision on dividends, including factors such as the profit and cash flow position of the YTL L&D Group, restrictions imposed by law or under credit facilities on the payment of dividends by members of YTL L&D Group, the availability of funds and the future earnings of the YTL L&D Group.

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend policy to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

The Group monitors capital using the gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within the net debt, total financial liabilities less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Borrowings	**2,285,069**	2,216,746	**465,003**	488,726
Trade and other payables	**30,768**	33,976	**1,585**	14,970
Amounts due to related parties	**302,678**	324,030	**16,112**	107,738
Less: Cash and bank balances	**(176,151)**	(43,527)	**(3,152)**	(7,907)
Net debt	**2,442,364**	2,531,225	**479,548**	603,527
Equity attributable to owners of the parent	**775,377**	857,123	**673,640**	720,432
Capital and net debt	**3,217,741**	3,388,348	**1,153,188**	1,323,959
Gearing ratio	**76%**	75%	**42%**	46%

The Group and the subsidiaries were not subject to any externally imposed capital requirements for the financial years ended 30 June 2018 and 30 June 2017.

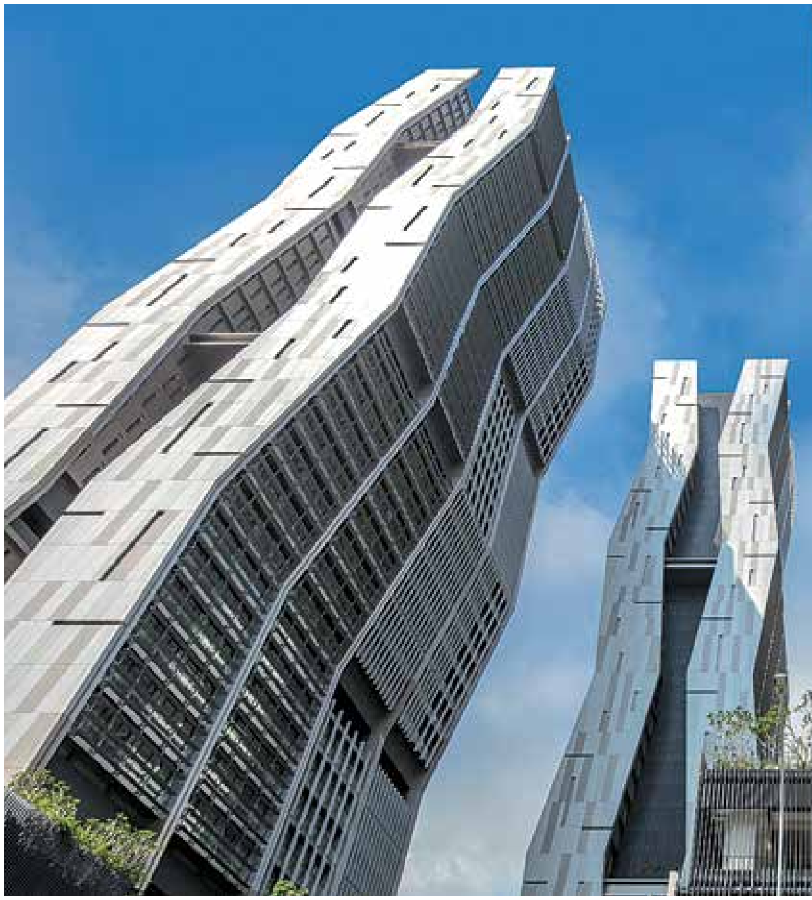
OPERATIONS REVIEW

MALAYSIA

THE FENNEL AT SENTUL EAST

The Fennel at Sentul East is undertaken by Sentul Raya Sdn Bhd, a wholly-owned subsidiary of the Group, under the Sentul Masterplan covering a 294-acre freehold development area in Sentul in Kuala Lumpur.

The Fennel comprises 916 condominium units ranging from 1,081 sq ft to 1,690 sq ft which are spread across its four 38-storey residential towers. Construction of The Fennel was completed on schedule in late 2017 and units have been handed over to owners.



In April 2018, The Fennel won 2 prestigious awards at the *PropertyGuru Asia Property Awards (Malaysia) 2018.* The newly completed development won the award for *Best Condo Development (Klang Valley),* followed by a second win in the *Best Condo Development (Malaysia)* category which is a special award to honour the best condominium development under the "Best of Malaysia Awards".

Celebrating its 13th year, the Asia Property Awards is the leading industry awards programme rewarding the region's finest real estate. It has an unparalleled reputation for being credible, fair and transparent with an independent judging body comprising luminaries from all real estate sectors.

The recognition of The Fennel as the best condominium not only in the Klang Valley but also in Malaysia by the panel of eminent judges pays tribute to YTL L&D's commitment to create living environments which are unique, sustainable and inviting for its growing urban population in Sentul East. Its striking zigzag form meandering gracefully through the urban context of Sentul East is a departure from conventional high rise residential projects in Kuala Lumpur. Most unprecedented is the one acre of lush and natural landscaping created by some 1,200 trees that have been laboriously planted and nurtured within the development.

The Fennel offers an array of features and unique design elements, including two suspended salt water swimming pools which connect each set of two towers and a multitude of 'tropical verandas', reinterpreted into a series of pocket gardens throughout the development. The Fennel's new dual-key concept, available only in Block C, features innovatively designed units with 2 bedrooms and a connecting studio with separate entrances.

Sentul East, favoured for its diversity in local culture and vibrant city life, enjoys excellent rail links to all parts of the Klang Valley via the KTM Komuter and LRT Lines from all three train stations in the area. The entire Sentul development has benefitted from enhanced connectivity with the completion of the extensions of the Sri Petaling Line and Ampang Line in July 2016, as well as the MRT Line 1, which became fully operational in July 2017.

DAHLIA

Dahlia is undertaken by PYP Sendirian Berhad, a wholly-owned subsidiary of YTL L&D. Dahlia is a collection of contemporary double-storey link homes in Pakatan Jaya Ipoh. Designed along clean, well-conceptualised lines with spacious layouts, these structured, well-built terrace homes are designed with room to grow, ideal for young couples and growing families.

The development comprises 216 units of terrace homes, complemented with a park which features green spaces and outdoor areas for family recreation. Construction works were completed ahead of schedule in late-2017, with the new homes handed over in early-2018.

CAMELLIA

Camellia is undertaken by PYP Sendirian Berhad, a wholly-owned subsidiary of YTL L&D. Camellia is a sanctuary of modern 2-storey homes nestled within a leafy neighbourhood in Pakatan Jaya, Ipoh. The development caters perfectly to the needs of young and growing families. Its spacious and thoughtfully designed homes capture the essence of modern living with high quality living spaces throughout.

The development comprises 108 units of terrace homes. Each home features 4+1 bedrooms with 2 rooms on the ground floor. The standard lot size is 20ft x 75ft with an extra 5-ft land area at the back. Construction work is in progress.

U-THANT PLACE

U-Thant Place is undertaken by Budaya Bersatu Sdn Bhd, a wholly-owned subsidiary of YTL L&D. U-Thant Place is a low-density, upscale development set along Kuala Lumpur's Embassy Row. The development comprises 18 units built over 10 floors and was completed as targeted, in late 2017.

SHOREFRONT

Shorefront is undertaken by Shorefront Development Sdn Bhd, a joint venture company which is 50% owned by YTL L&D.

The Group's Shorefront development was completed in late 2017. The project is located within George Town's heritage zone, and is one of its last remaining freehold seafront sites. The property is a niche, upmarket, low-rise, low-density development which comprises three blocks with a total of just 115 units on the freehold site neighboured by the historic E&O hotel. Selected units feature sky terraces and private gardens, and a private lift lobby which creates a sense of added exclusivity and privacy.

SINGAPORE

3 ORCHARD BY-THE-PARK

The Group's 3 Orchard By-The-Park project, the highly anticipated luxury development on Orchard Boulevard, was unveiled for private preview during the financial year under review.

With just 77 exclusive units housed in the 25-storey building, the freehold project in prime District 10, located opposite the Orchard Boulevard MRT Station, is within reach of the prestigious shopping street Orchard Road, as well as the lush environs of the Singapore Botanic Gardens, a UNESCO World Heritage Site. The development is also within the vicinity of iconic premium shopping malls, renowned international hotels such as St Regis, Four Seasons and the Regent Singapore, and medical centres including Camden Medical Centre and Gleneagles Hospital.

The foliage from the natural landscape of the location and the tree-lined road to 3 Orchard By-The-Park creates a haven of tranquility for a modern living reality in the heart of the city. Residents can therefore enjoy the best of both worlds. Orchard Boulevard, a much sought-after address amongst Singaporeans and foreigners, is sited close to prime residential districts of Good Class Bungalows and prestigious condominiums, as well as embassies.

Also setting this exclusive development apart are the brand names associated with its architecture and design. The award-winning architect and designer Antonio Citterio from Italy is the also man behind Bulgari's hotels and resorts in Milan, Bali, London, Dubai, Beijing and Shanghai. Meanwhile, the interiors of the 4-bedroom show suite are fitted with furniture by the renowned brand Armani Casa, which dresses some of the world's finest hotels and private residences, including the Armani Hotels in Milan and Dubai.

In addition, there is a 2-bedroom unit show suite complete with bespoke furniture that blends seamlessly with the unique layout of the unit.

For the private preview, Wood Tower has been released for sale since July 2018. It comprises 15 units of 4-bedroom, 14 units of 2-bedroom and 1 unit of Penthouse on the top floor with paranomic views of the city and Singapore's Botanic Gardens. Sizes range from 1,066 to 2,260 sq ft for the 2- and 4-bedroom apartments.

RISK MANAGEMENT

The Group's and the Company's overall risk management objective is to ensure that adequate resources are available to create value for its shareholders. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is not the Group's and the Company's policy to engage in speculative transactions.

FINANCIAL RISK MANAGEMENT

LIQUIDITY RISK

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure of the Group and the Company to liquidity risks arises primarily from mismatches of maturities of financial assets and liabilities. The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

CREDIT RISK

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Group and the Company to credit risk arises principally from trade, other receivables and inter-company balances. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Receivables balances are monitored continually with the results that the Group's exposure to credit risk is minimised. The Company provides unsecured loans and advances to subsidiaries and monitors the results of its subsidiaries regularly.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates. The exposure of the Group and the Company to interest rate risk arises primarily from their fixed deposits with licensed banks and interest-bearing loans and borrowings. The Group's policy is to obtain the most favourable interest rates available.

FOREIGN CURRENCY RISK

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and the Company are exposed to foreign currency risk primarily on their payables which are denominated in Singapore Dollars.

OPERATING RISK MANAGEMENT

POLITICAL, ECONOMIC, ENVIRONMENTAL AND REGULATORY CONSIDERATIONS

Political, economic and regulatory risks include but are not limited to the risk of war, terrorism, riots, expropriation, nationalism, methods of taxation, changes in government housing policies and other similar restrictions. The property markets in Malaysia and Singapore are largely affected by economic and political factors, government policies, such as cooling measures and changes in demographic trends, employment and income levels, amongst other factors. Any adverse change to the political, economic and regulatory environment will have direct adverse impact on the Company's business, financial condition, results of operations and future prospects. YTL L&D will leverage on its strength and experience as a property developer to manage these risks closely.

PROJECT RISKS

The timely completion of property development projects is dependent on many external factors, including, inter alia, obtaining necessary approvals from land offices, planning authorities and local councils as scheduled and satisfactory performance by building contractors appointed. Any prolonged delay in the completion of a project could adversely affect the business of the YTL L&D Group and its financial condition, results of operations and prospects. Therefore, it has consistently been the commitment of the YTL L&D Group to closely monitor the progress of its development projects and endeavour to promptly rectify any setback in order to ensure the performance of the YTL L&D Group is not adversely affected.

DEPENDENCE ON KEY MANAGEMENT

The continued success of YTL L&D is, to a significant extent, dependent on the abilities and continued efforts of the Board and senior management of YTL L&D. The loss of any key member of the Board or senior management personnel could affect YTL L&D's ability to compete in the sectors in which it operates. The future success of YTL L&D will also depend on its ability to attract and retain skilled personnel for smooth business operations of the Group to continue without undue disruption. Therefore, appropriate measures are taken which include the provision of training programmes, the offering of attractive incentives such as employees' share option schemes and competitive remuneration packages, and efforts to ensure smooth succession in the management team.

DEPENDENCE ON LICENSES

The ability of the YTL L&D Group to continue with its business and operations is highly dependent on its major licenses, particularly the developer licenses issued by the Government. The revocation of these licenses would adversely affect the ability of the Company to generate future revenue stream and profits which will in turn impact the financial position of the YTL L&D Group. However, the YTL L&D Group has obtained the required necessary licenses to carry out its property development business and has not experienced nor does it expect any difficulty in obtaining renewals of the aforementioned licenses.

PEER COMPETITION

YTL L&D encounters competition from other property investment and development competitors in Malaysia and Singapore. Competitive pressures may arise in terms of acquisition of strategically located landbanks, pricing of the property as well as sale and marketing of the property. The ability of the Company to respond to the ever changing economic conditions and market demands, the progress of development and construction and launch of property development projects of the Company and marketing strategies that will be able to fulfil the needs and requirements of the target markets of the Company are very important for the continued future success of the Company. Therefore, the Company will continue taking measures to mitigate competition risk such as conducting innovative marketing strategies in response to changing economic conditions and market demand.

DEPENDENCE ON MAIN CONTRACTORS

The property development industry is dependent on the support of main contractors to ensure continuous supply of construction materials and labour. Any unanticipated delay as a result of unforeseen circumstances, insufficient supplies of construction materials and labour and dissatisfactory performance of the appointed main contractors could disrupt the progress of the property development projects of the Company, resulting in the increase in the cost of the project and decrease in profitability of the said project. However, the Company takes steps to provide careful planning in terms of its construction materials and labour and also monitors any setbacks closely to ensure timely completion of its property development projects. In addition, the YTL L&D Group works with its related company, Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd, the construction arm and wholly-owned subsidiary of YTL Corporation Berhad, the parent company of YTL L&D, to ensure certainty of delivery.

AVAILABILITY AND COST OF MATERIALS

Materials used in property development projects make up a significant portion of total development costs. Their availability and prices are dependent on market conditions. Any increase in material costs will affect the profit margin of the YTL L&D Group and results of operations. To mitigate this risk, the YTL L&D Group is able to address such cost increases for pre-launch or unsold units by adjusting the selling price accordingly and is able to procure sufficient amounts of raw materials from the long-term suppliers of YTL L&D Group. However, there is no guarantee that any changes to these factors will not have a material adverse effect on the business of YTL L&D Group.

OUTLOOK

The global economy is expected to expand at a faster pace for the remainder of the 2018 calendar year, driven primarily by private consumption and industrial activities in the advanced economies. Nevertheless, global growth still remains vulnerable to downside risks such as policy uncertainties in major economies and geopolitical risks. In Malaysia, the economy is expected to grow within the range of 5.0% to 6.0% for the full 2018 calendar year, driven primarily by domestic demand, underpinned by private sector expenditure. Private consumption growth is expected to remain sustained supported by continued growth in employment and income, lower inflation and improving economic sentiments. The Malaysian property market is expected to stabilise in 2019, with the help of the accommodative monetary policy and the continuous incentives for the housing sector. Meanwhile, Singapore's economy is forecasted to register growth of between 2.5% to 3.5% for the 2018 calendar year, with the property market still vulnerable to more aggressive cooling measures enacted in Singapore. *(sources: Ministry of Finance, Bank Negara Malaysia, Singapore Ministry of Trade & Industry updates).*

The Group is expected to achieve satisfactory performance for the next financial year through unbilled sales and inventories.

Singapore's residential property market has been significantly impacted by ongoing efforts by the Singapore government to manage the affordability of housing over the past several years, and this trend is expected to continue for the near future. Since 2011, successive waves of new regulations, restrictions and requirements have been introduced, relating to foreign ownership, financing margins and requirements and other similar measures, which have dampened market sentiment and created uncertainty in the property market. As a result, potential buyers have become increasingly cautious. However, despite the challenging property market conditions in both Malaysia and Singapore, the Group remains optimistic that properties in strategic location across these jurisdictions will continue to draw potential buyers.

The Group will continue to embark on marketing efforts and initiatives to unlock sales, particularly of its residential project in Singapore, and remains committed to leveraging its long-standing track record, experience and expertise to time and price its new launches to deliver the optimal outcome to its stakeholders – shareholders, homeowners and the surrounding community alike.

As demonstrated by one of the Group's most compelling redevelopment projects, the dynamic architecture of The Fennel and its sister development, The Capers, have become transformative landmarks, emblematic of Sentul's fresh status as a sought-after locality in the Klang Valley property market and uplifting the entire surrounding area. The Group has seen excellent take-up rates as each successive phase of the Sentul Masterplan has been launched and delivered, and will continue to embrace its established strategy of building value through high quality and exceptional premium offerings.

MANAGING SUSTAINABILITY

YTL Land & Development ("YTL L&D" or "Company") is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") under the property sector. YTL L&D has a market capitalisation of approximately RM378.8 million (as at 30 June 2018) and has an illustrious track record of creating some of the most uniquely conceptualised homes, commercial and retail developments and communities in Malaysia and Singapore.

YTL L&D has built a solid track record as a fully-fledged developer of high quality developments with sustainable designs. Open green spaces are featured generously in all developments in line with the Company's continuing commitment to uphold sustainable practices for the well-being of communities. Recently completed developments include Shorefront in Penang, The Fennel in Sentul East, U-Thant Place in Kuala Lumpur and 3 Orchard By-The-Park in Singapore.

YTL L&D believes that effective corporate social responsibility and a commitment to sustainability can deliver benefits to our business and shareholders by enhancing reputation and business trust, risk management, relationships with regulators, staff motivation and retention, customer loyalty and long-term shareholder value.

We place high priority on acting responsibly in the conduct of our business, developing truly unique branded homes with innovative and sustainable living concepts, built to strict standards for the well-being of all homeowners within our communities. The use of green materials and methodologies are prevalent in all developments. Renewable products are used in our endeavour to take as little from the earth as possible and to return to earth as much as we can. Some green practices include extensive conservation of mature trees during construction, transformation of low rise rooftops and car park podiums into lushly landscaped gardens and open spaces for recreation and community activities, as well as rainwater harvesting initiatives.

SUSTAINABILITY COMMITMENT

YTL L&D is a 65.26%-owned subsidiary of YTL Corporation Berhad ("YTL Corp") (as at 30 June 2018), which is also listed on Bursa Malaysia. As part of YTL Group, which comprises YTL Corp and its subsidiaries, YTL L&D has aligned and adopted YTL Group's established sustainability structure and framework of policies and guidelines relating to matters including corporate governance, risk management and internal control, as well as its code of ethics and business conduct, where relevant and appropriate.

YTL L&D's sustainability focus is aligned with YTL Group's credo, ***'Making A Good Future Happen'***, and this is integrated into YTL L&D's business strategies, daily operations, management and stakeholder engagement. There are regular reviews and feedback of environmental, social and governance issues in line with YTL Group's practices.

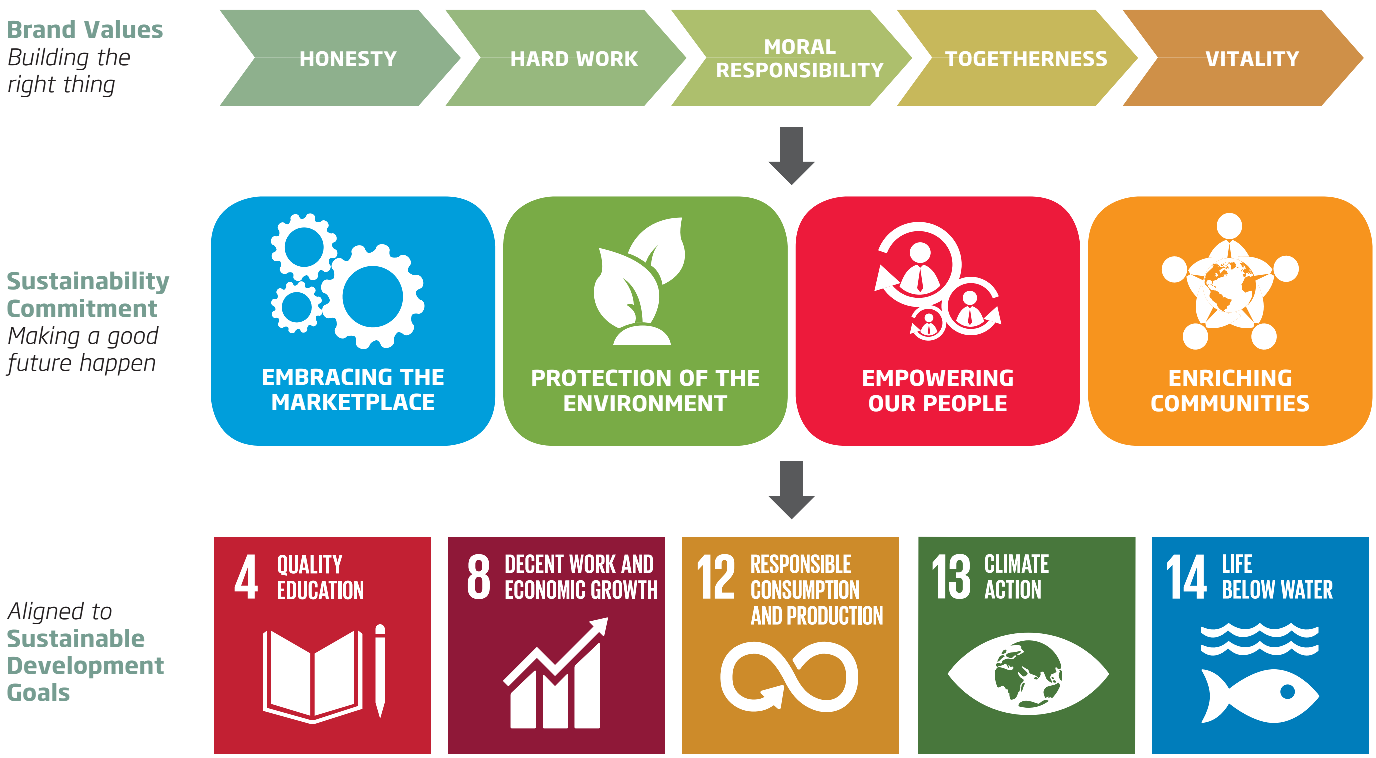
We continue to place a strong emphasis on managing our business responsibly and with integrity. Our sustainability commitment is engrained in creating lasting value for all stakeholders. Our commitment to sustainable practices enables us to walk the talk towards achieving our growth objectives, balancing business opportunities and risks in the economic, environmental and social realms.

Our sustainability initiatives, performance and achievements are outlined in greater detail in the consolidated ***YTL Group Sustainability Report 2018***, which is issued as a separate report. The PDF version is available at http://www.ytl.com/sustainability.asp.

OUR APPROACH TO SUSTAINABILITY

We have aligned our sustainability commitments to YTL Group's four pillars – Marketplace, Environment, People and Communities. The following value-added Sustainability Framework forms the basis of our sustainable business practices.

YTL GROUP SUSTAINABILITY FRAMEWORK



Where applicable, we incorporate sustainability into the day-to-day management of YTL L&D. This is aligned with five of the seventeen (17) United Nations Sustainable Development Goals (SDGs) and YTL Group Corporate Statements (Human Rights and Ethics, Environment, Health and Safety, and Commitment to Ethical Purchasing).

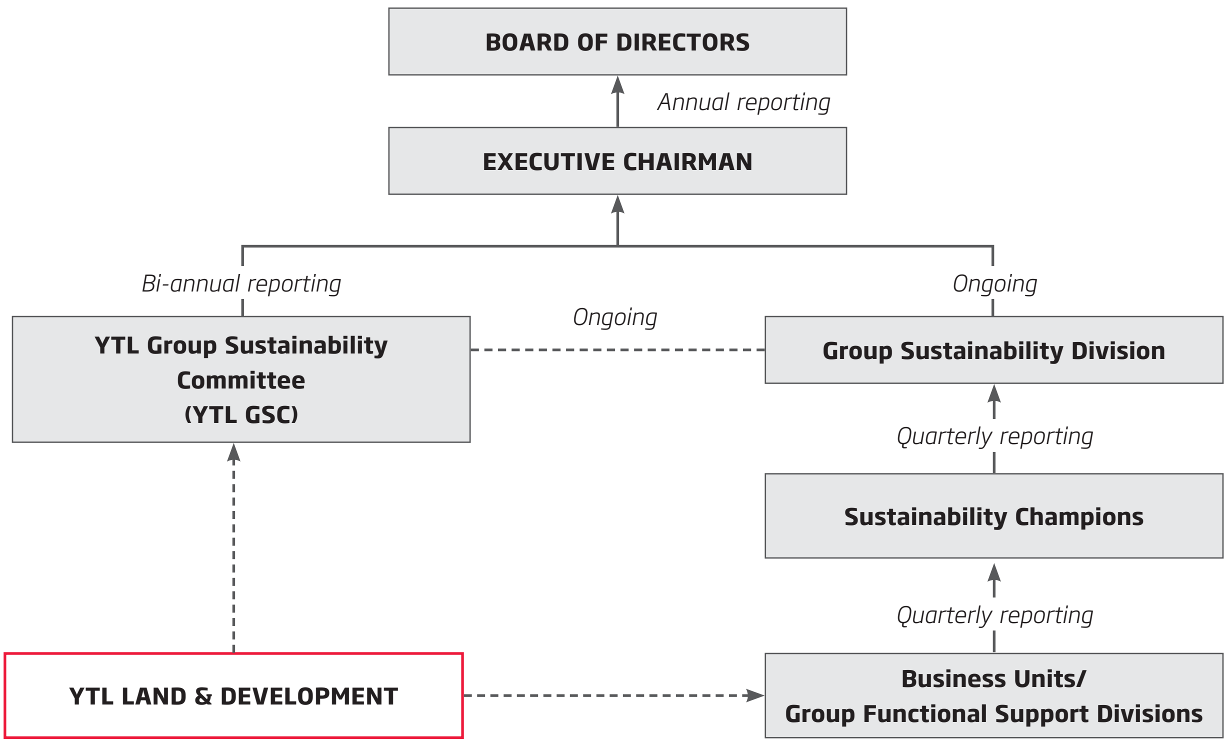
GOVERNANCE STRUCTURE AND PRINCIPLES

YTL Group operates with a clear and effective governance structure together with a strong governance system, which has similarly been adopted by YTL L&D. Responsibility for implementing and ensuring good governance lies with the Board of Directors of YTL L&D ("Board").

The Board's purview includes assessing and managing the impacts of our operations on economic, environmental and social capital, underpinned by YTL Group's core governance principles, with the support of YTL Group Sustainability Committee ("YTL GSC") and sustainability representative(s) from respective business units.

More information on our governance and internal control systems can be found in the ***Corporate Governance Overview Statement*** and the ***Statement on Risk Management and Internal Control*** set out separately in this Annual Report. The Annual Report and YTL L&D's Corporate Governance Report 2018 can also be downloaded from our website at www.ytlland.com, as well as the website of Bursa Malaysia at www.bursamalaysia.com.

YTL GROUP SUSTAINABILITY GOVERNANCE STRUCTURE



MOVING FORWARD

We continue to look for ways to strengthen and broaden our commitment to all aspects of sustainability. In the process, we regularly review the progress we have made, continue to improve our policies, systems and performance, and work to protect the environment and enrich the lives of communities where we operate.

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventy-Eighth Annual General Meeting of YTL Land & Development Berhad ("the Company") will be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Wednesday, the 12th day of December, 2018 at 3.00 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon. — **Please refer Explanatory Note A**
2. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Constitution:-
   (i) Tan Sri Dato' (Dr) Francis Yeoh Sock Ping — **Resolution 1**
   (ii) Dato' Yeoh Seok Kian — **Resolution 2**
   (iii) Dato' Yeoh Seok Hong — **Resolution 3**
3. To approve the payment of Directors' fees amounting to RM560,000 for the financial year ended 30 June 2018. — **Resolution 4**
4. To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director for the period from January 2019 to December 2019. — **Resolution 5**
5. To approve the payment of Directors' benefits (other than Directors' fees) up to an amount of RM380,000 from 13 December 2018 to next Annual General Meeting of the Company. — **Resolution 6**
6. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. — **Resolution 7**

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTIONS:-

7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

   (i) "THAT approval be and is hereby given to Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company." — **Resolution 8**

   (ii) "THAT approval be and is hereby given to Dato' Cheong Keap Tai, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company." — **Resolution 9**

   (iii) "THAT approval be and is hereby given to Eu Peng Meng @ Leslie Eu, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company." — **Resolution 10**

8. **PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." — **Resolution 11**

9. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016, the provisions of the Company's Constitution and the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:-

(i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy-back which was obtained at the Annual General Meeting held on 12 December 2017, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;

(ii) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back; and

(iii) The shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with by the Directors in all or any of the following manner:-

    (a) the shares so purchased may be cancelled; and/or

    (b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or

    (c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled; and/or

    (d) transfer the shares, or any of the shares for the purposes of or under an employees' shares scheme; and/or

    (e) transfer the shares, or any of the shares as purchase consideration; and/or

    (f) deal with the shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time;

AND THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever occurs first, but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 2016, the provisions of the Company's Constitution and the Main LR and all other relevant governmental/ regulatory authorities." **Resolution 12**

10. **PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") AND PROPOSED NEW SHAREHOLDER MANDATE FOR ADDITIONAL RRPT**

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specified in section 2.1.2 (a) & (b) of the Circular to Shareholders dated 31 October 2018 subject to the following:-

(i) the transactions are of a revenue or trading in nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholder mandate in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements;

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the shareholder mandate." **Resolution 13**

By Order of the Board,

HO SAY KENG
Company Secretary

KUALA LUMPUR
31 October 2018

NOTES:-

A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, 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 a proxy, in the case of an individual, shall be signed by the appointor or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. The original instrument appointing a proxy shall be deposited at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2018. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2018 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

EXPLANATORY NOTES TO ORDINARY BUSINESS

Note A

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

Payment of Directors' Benefits

In accordance with the requirements of Section 230(1) of the Companies Act, 2016, approval of the members is sought for the payment of meeting attendance allowance (a benefit) to the Non-Executive Directors of the Company. If Resolution 5 is passed, the meeting attendance allowance will be payable for such period at the quantum specified.

The Directors' benefits payable (other than Directors' fees) to Dato' Suleiman Bin Abdul Manan ("Dato' Suleiman"), a Non-Executive Director of the Company from 13 December 2018 to the next Annual General Meeting ("AGM") of the Company, comprise medical coverage, car and petrol, driver, leave passage, telephone expenses and other claimable benefits. The Board of Directors opined that it is just and equitable for Dato' Suleiman to be paid on such basis for his invaluable efforts and contributions to the Company during his tenure of office as a director since 1991.

EXPLANATORY NOTES TO SPECIAL BUSINESS

Resolutions on the Continuing in Office as Independent Non-Executive Directors

In line with Practice 4.2 of the Malaysian Code on Corporate Governance 2017, Resolutions 8, 9 and 10 are to enable Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman, Dato' Cheong Keap Tai and Eu Peng Meng @ Leslie Eu to continue serving as Independent Directors of the Company to fulfil the requirements of Paragraph 3.04 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The justifications of the Board of Directors for recommending and supporting the resolutions for their continuing in office as Independent Directors are set out under the Nominating Committee Statement in the Company's Annual Report 2018. The shareholders' approval for Resolutions 8, 9 and 10 will be sought on a single-tier voting process.

Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016

Resolution 11 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the Seventy-Seventh AGM held on 12 December 2017 ("Previous Mandate").

As at the date of this Notice, the Company has not issued any new shares pursuant to the Previous Mandate which will lapse at the conclusion of this AGM.

Resolution 11, if passed, will enable the Directors to allot and issue ordinary shares at any time up to an amount not exceeding ten per centum (10%) of the total number of issued shares of the Company for the time being without convening a general meeting which will be both time and cost consuming. This mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Resolution pertaining to the Renewal of Authority to Buy-Back Shares of the Company

For Resolution 12, further information on the Share Buy-Back is set out in Part A of the Statement/Circular dated 31 October 2018 which is despatched together with the Company's Annual Report 2018.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 13, further information on the Recurrent Related Party Transactions is set out in Part B of the Statement/Circular dated 31 October 2018 which is despatched together with the Company's Annual Report 2018.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

1. DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS STANDING FOR RE-ELECTION)

No individual is seeking election as a Director at the Seventy-Eighth Annual General Meeting of the Company.

2. GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03(3) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in the Explanatory Notes to Special Business of the Notice of Seventy-Eighth Annual General Meeting.

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
PSM, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP
Hon LLD (Nottingham), Hon DEng (Kingston), BSc (Hons) Civil Engineering, FFB, F Inst D, MBIM, RIM

MANAGING DIRECTOR

Dato' Yeoh Seok Kian
DSSA
BSc (Hons) Bldg, MCIOB, FFB

DIRECTORS

Dato' Suleiman Bin Abdul Manan
DPMS

Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman
PSM, SPDK, DSNS, JSM, DNS, PGBP, PMC
PhD (Sociology), MA & BA (Hons), D.Agr.Sc. (Hon), D. Mgmt. (Hon)

Dato' Cheong Keap Tai

Dato' Yeoh Seok Hong
DSPN, JP
BEng (Hons) Civil & Structural Engineering, FFB

Dato' Sri Michael Yeoh Sock Siong
DIMP, SSAP
BEng (Hons) Civil & Structural Engineering, FFB

Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

Dato' Hamidah Binti Maktar
DIMP
BA (Hons)

Eu Peng Meng @ Leslie Eu
BCom, FCILT

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2117 0088
603 2142 6633
Fax : 603 2141 2703

BUSINESS OFFICE

10th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2117 0088
603 2142 6633
Fax : 603 2141 2703

REGISTRAR

YTL Corporation Berhad
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2117 0088
603 2142 6633
Fax : 603 2141 2703

AUDIT COMMITTEE

Eu Peng Meng @ Leslie Eu
(Chairman and Independent Non-Executive Director)

Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman
(Independent Non-Executive Director)

Dato' Cheong Keap Tai
(Independent Non-Executive Director)

NOMINATING COMMITTEE

Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman
(Chairman and Independent Non-Executive Director)

Dato' Cheong Keap Tai
(Independent Non-Executive Director)

Eu Peng Meng @ Leslie Eu
(Independent Non-Executive Director)

AUDITORS

Ernst & Young (AF 0039)
Chartered Accountants

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (7.10.1973)

Profile of the Board of Directors

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 64, was appointed to the Board on 10 May 2001 as an Executive Director and has been the Managing Director till 29 June 2018 when he was redesignated as Executive Chairman. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from University of Nottingham. He became the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a global integrated infrastructure developer, encompassing multiple listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Land & Development Berhad, YTL Hospitality REIT and Starhill Global REIT.

He was the Managing Director of YTL Corporation Berhad and YTL Power International Berhad which are listed on the Main Market of Bursa Malaysia Securities Berhad until 29 June 2018 when he was redesignated as Executive Chairman of these companies. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad. He is also the Executive Chairman of YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Tan Sri Francis is the Executive Chairman of YTL Cement Berhad and director of YTL Industries Berhad. He is the Chairman of private utilities corporations, Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. Tan Sri Francis is also an Independent Non-Executive Director of The Hong Kong and Shanghai Banking Corporation Limited and is a director and Chief Executive Officer of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He also sits on the board of trustees of YTL Foundation. He also serves on the board of directors of Suu Foundation, a humanitarian organisation committed to improving healthcare and education in Myanmar.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council, and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of the Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and Insead. He is the first non-Italian board member of the historic Rome Opera House and helped fund its restoration to keep it from closing. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

He was ranked by both Fortune and Businessweek magazines as Asia's 25 Most Powerful and Influential Business Personalities and one of Asia's Top Executives by Asiamoney. He won the inaugural Ernst & Young's Master Entrepreneur in Malaysia in 2002 and was named as Malaysia's CEO of the Year by CNBC Asia Pacific in 2005.

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010. He received the Lifetime Achievement Award for Leadership in Regulated Industries at the 7th World Chinese Economic Summit held in London in 2015. He was also awarded the prestigious Muhammad Ali Celebrity Fight Night Award at the 2016 Celebrity Fight Night in Arizona. In 2017, he was honoured with the Kuala Lumpur Mayor's Award for Outstanding Contribution at the Kuala Lumpur Mayor Tourism Awards. This was in recognition of his efforts in the transformation of Kuala Lumpur into one of the top shopping and tourist destinations in the world. He was named CEO of the Year at the Asian Power Awards in 2017. The Japanese Government bestowed upon him the Order of the Rising Sun, Gold Rays with Rosette, in 2018.

Profile of the Board of Directors

DATO' YEOH SEOK KIAN

Malaysian, male, aged 61, has been an Executive Director of the Company since 10 May 2001. Dato' was redesignated to the position of Managing Director on 29 June 2018. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building and was conferred an Honorary Degree of Doctor of the University in 2017. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He served as Deputy Managing Director of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad until 29 June 2018 when he was redesignated as Managing Director of YTL Corporation Berhad and Executive Director of YTL Power International Berhad. Dato' Yeoh also serves on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities corporations, Wessex Water Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

DATO' SULEIMAN BIN ABDUL MANAN

Malaysian, male, aged 80, was appointed to the Board on 18 December 1991 and he is presently a Non-Executive Director. Dato' Suleiman obtained his education from the Malay College, Kuala Kangsar, University Malaya and L'Institut International D'Administration Publique, Paris. He was a member of the Malaysian Administrative and Foreign Service for 13 years. After resigning from the Civil Service in 1972, he was appointed Deputy General Manager of Malaysian Shipyard & Engineering (1972-1975), Managing Director of Malaysian Rubber Development Corporation (1975-1982), Group Managing Director of Kumpulan Perangsang Selangor (1982-1986). He became an entrepreneur and entered the corporate world in 1987. He built Lot 10 Shopping Centre, Star Hill Centre (now known as Starhill Gallery) and JW Marriott Hotel. He took control of Taiping Consolidated Berhad (now known as YTL Land & Development Berhad) and became its Chairman in 1992 and privatised KTM lands into the Sentul Raya new township. He relinquished control of the Company in April 2001 but remained as Chairman till 29 June 2018 when he stepped down from his position as the Non-Executive Chairman and remained on the Board of Directors as a Non-Executive Director.

TAN SRI DATUK SERI PANGLIMA DR. ABU HASSAN BIN OTHMAN

Malaysian, male, aged 78, was appointed to the Board on 12 June 2006 as an Independent Non-Executive Director. He is also the Chairman of the Nominating Committee and a member of the Audit Committee. Tan Sri Datuk Seri Panglima Dr. Abu Hassan holds a PhD in Sociology from Michigan State University, U.S.A., a MA and Bachelor of Arts (Hons) Second Class Upper from University of Malaya ("UM"), a D.Agr.Sc. (Honorary) from Kinki University, Japan and D. Mgmt. (Honorary) from Open University Malaysia.

He served as Tutor in the Faculty of Arts of UM from 1969 to 1971. This was followed by 23 years of service with University Kebangsaan Malaysia where he held various positions as Lecturer, Department Head to Professor in the Department of Anthropology & Sociology, Dean of the Faculty of Social Sciences & Humanities, and Deputy Vice Chancellor of Student Affairs. From 1994 to 2005, Tan Sri Datuk Seri Panglima Dr. Abu Hassan who was a Distinguished Fullbright Hays scholar, served as the Founding and First Vice Chancellor of University Malaysia Sabah. While serving as Vice Chancellor, he also held distinguished appointments both nationally and internationally. Nationally, he was Chairman of the Malaysian Vice Chancellors Committee, Chairman of the Malaysian Examination Council, member of the Malaysian National Higher Education Council and board member of National Productivity Corporation. On the international front, he represented Malaysia as Chairman of the Council of the University Mobility of Asia Pacific, board member of the Association of Commonwealth Universities as well as board member of the Association of South East Asian Institutions of Higher Learning. He was the Chairman of the Malaysian-American Commission on Educational Exchange. Tan Sri Datuk Seri Panglima Dr. Abu Hassan is a director of YTL e-Solutions Berhad, as well as Chairman of Malaysian Qualification Agency. He is a director of Yayasan Universiti Malaysia Sabah and a trustee of YTL Foundation.

DATO' CHEONG KEAP TAI

Malaysian, male, aged 70, was appointed to the Board on 30 September 2004 as an Independent Non-Executive Director. He is also a member of the Audit Committee and Nominating Committee. Dato' Cheong graduated from the University of Singapore with a Bachelor of Accountancy. He is a Chartered Accountant of Malaysian Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants, member of Malaysian Institute of Taxation and member of the Institute of Chartered Secretaries and Administrators. Dato' Cheong is also a Licensed Tax Agent and a Licensed Goods & Service Tax Agent. Dato' Cheong was the Executive Director and Partner of Coopers & Lybrand and upon its merger with Price Waterhouse was the Executive Director, Partner and Chairman of the Governance Board of PricewaterhouseCoopers until his retirement in December 2003. He is currently also a director of YTL Corporation Berhad, YTL e-Solutions Berhad, Gromutual Berhad, Tanah Makmur Berhad and several private limited companies.

DATO' YEOH SEOK HONG

Malaysian, male, aged 59, was appointed to the Board on 10 May 2001 as an Executive Director. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University of Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the YTL Group construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group and the building of the fourth generation (4G) Worldwide Interoperability for Microwave Access (WiMAX) network by YTL Communications Sdn Bhd. He serves as Managing Director of YTL Power International Berhad and Executive Director of YTL Corporation Berhad, both companies of which are listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the boards of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation.

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, male, aged 58, was appointed to the Board on 10 May 2001 as an Executive Director. He graduated from University of Bradford, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for the YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as an Executive Director of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and Managing Director of YTL Cement Berhad. He also sits on the boards of other public companies such as YTL e-Solutions Berhad, YTL Industries Berhad, and a private utilities corporation, YTL PowerSeraya Pte Limited in Singapore.

DATO' MARK YEOH SEOK KAH

Malaysian, male, aged 53, was appointed to the Board on 10 May 2001 as an Executive Director. He graduated from King's College, University of London, with an LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. He was awarded Fellowship of King's College London in July 2014.

Dato' Mark Yeoh joined YTL Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the acquisition of ElectraNet SA (Australia), Wessex Water Limited (UK), P.T. Jawa Power (Indonesia) and PowerSeraya Limited (Singapore). He serves as an Executive Director of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a board member of YTL Cement Berhad and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

Profile of the Board of Directors

DATO' HAMIDAH BINTI MAKTAR

Malaysian, female, aged 64, was appointed to the Board on 17 March 1998 as an Executive Director. She obtained her BA Honours from the University of Malaya. She joined Nestle Malaysia Sdn Bhd in 1977 and in 1984 joined Matsushita Sales & Service as the Marketing Manager. In 1987, she left to join BP Malaysia as the Corporate Communications Manager. In 1989, at BP Malaysia, Dato' Hamidah was appointed the Retail District Manager for Peninsular Malaysia and in 1991, she was promoted to undertake both local and regional responsibilities as Business Support Manager for Malaysia and Singapore and Regional Brand Manager for South East Asia. She was made the EXCO member or Top Management Team of BP Malaysia and represented South East Asia for the BP Brand Global Panel in the Reimaging of BP worldwide. In 1994, she left the multinational to join Landmarks Berhad as the Managing Director of Sungei Wang Plaza. Dato' Hamidah joined the Company in 1996 as Group General Manager and was redesignated to Group Director of Operations in March 1997. In 1998, she was appointed Managing Director designate to undertake the restructuring exercise of the group until its completion in May 2001.

EU PENG MENG @ LESLIE EU

Malaysian, male, aged 83, was appointed to the Board on 15 June 2001 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and a member of the Nominating Committee. Mr Leslie Eu graduated with the degree of Bachelor of Commerce from the University College Dublin, Ireland in 1959. He was nominated by Bank Negara Malaysia to be one of the founding directors of Global Maritime Ventures Berhad to undertake the expansion and direct investment in the maritime industry in 1994. He has been in the shipping business for over 50 years and was the first Chief Executive Officer of Malaysian International Shipping Corporation Berhad from the company's inception in 1969 until his early retirement in 1985. Mr Leslie Eu was a board member of Lembaga Pelabuhan Kelang from 1970 to 1999 and is a Member Emeritus of the American Bureau of Shipping. He was appointed by the United Nations Conference on Trade and Development as one of 13 experts to assist developing nations in establishing their maritime fleets. Mr Leslie Eu presently serves on the boards of YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement Berhad. He is also a director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 5 Board meetings were held and the details of attendance are as follows:-

	Attendance
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	5
Dato' Yeoh Seok Kian	4
Dato' Suleiman Bin Abdul Manan	5
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman	5
Dato' Cheong Keap Tai	5
Dato' Yeoh Seok Hong	4
Dato' Sri Michael Yeoh Sock Siong	4
Dato' Mark Yeoh Seok Kah	4
Dato' Hamidah Binti Maktar	4
Eu Peng Meng @ Leslie Eu	3

Notes:

1. **Family Relationship with Director and/or Major Shareholder**

   Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong and Dato' Mark Yeoh Seok Kah are siblings. The late Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, the father of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong and Dato' Mark Yeoh Seok Kah, is a deemed major shareholder of the Company. Save as disclosed herein, none of the Directors has any family relationship with any director and/or major shareholder of the Company.

2. **Conflict of Interest**

   None of the Directors has any conflict of interest with the Company.

3. **Conviction of Offences (other than traffic offences)**

   None of the Directors has been convicted of any offences within the past five (5) years.

4. **Public Sanction or Penalty imposed**

   None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

The management team is headed by the Executive Chairman, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and the Managing Director, Dato' Yeoh Seok Kian. They are the Key Senior Management and their profiles are as set out in the Profile of the Board of Directors on pages 29 and 32, respectively of this Annual Report.

Statement of Directors' Responsibilities

The Directors are required by the Companies Act, 2016 ("the Act") and the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") to prepare the financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2018, the Directors have:

- considered the applicable approved accounting standards in Malaysia;
- used appropriate accounting policies and applied them consistently; and
- made judgements and estimates that are reasonable and prudent.

The Directors confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act, Listing Requirements and Financial Reporting Standards in Malaysia.

Audit Committee
Report

COMPOSITION

Eu Peng Meng @ Leslie Eu
(Chairman/Independent Non-Executive Director)

Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman
(Member/Independent Non-Executive Director)

Dato' Cheong Keap Tai
(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the Audit Committee can be found under the "Governance" section on the Company's website at www.ytlland.com.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 5 Audit Committee meetings were held and the details of attendance are as follows:-

	Attendance
Eu Peng Meng @ Leslie Eu	3
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman	5
Dato' Cheong Keap Tai	5

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2018 in the discharge of its functions and duties:-

1. OVERSEEING FINANCIAL REPORTING

(a) Reviewed the following quarterly financial results and annual financial statements ("Financial Reports") prior to their recommendation to the Board of Directors for approval:-

- Quarterly financial results for the fourth quarter of financial year ended 30 June 2017, and the annual audited financial statements for the financial year ended 30 June 2017 at the Audit Committee meetings held on 24 August 2017 and 20 September 2017, respectively;
- First, second and third quarters of the quarterly results for the financial year ended 30 June 2018 at the Audit Committee meetings held on 21 November 2017, 21 February 2018 and 23 May 2018, respectively.

(b) Reviewed the variance analysis, in particular, the deviation of the profit after tax and minority interest in the audited financial statements for the financial year ended 30 June 2017 from that of the announced quarterly financial results for the financial year ended 30 June 2017 and confirmed that no obligation was triggered under Paragraph 9.19(35) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR").

(c) At the Audit Committee meetings, the Senior Finance Manager/Finance Manager presented the Financial Reports wherein the following matters were reviewed and confirmed, with clarification and/or additional information provided wherever required by the Executive Director primarily in charge of the financial management of the Company:-

- Appropriate accounting policies had been adopted and applied consistently, and other statutory and regulatory requirements had been complied with;
- The Company has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern;
- Significant judgements made by management in respect of matters such as assessment of net realisable value of inventories, impairment assessment of goodwill and investment in subsidiaries, provision for foreseeable losses arising from obligation to build low cost apartments and affordable housing units, and revenue recognition were prudent and the underlying assumptions and/or estimates used were reasonable in accordance with the requirements of the Financial Reporting Standards ("FRS");

- Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the FRS and the Main LR;
- The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

2. EXTERNAL AUDIT

(a) Reviewed with the external auditors, Messrs Ernst & Young ("EY"):-

- the audit results report on the audit of the financial statements for financial year ended 30 June 2017 setting out their comments and conclusions on the significant auditing and accounting issues highlighted, including management's judgements, estimates and/or assessments made, and adequateness of disclosures in the financial statements;
- the audit plan for the financial year ended 30 June 2018 outlining, amongst others, their scope of work, areas of audit emphasis, multi-location audit, and development in laws and regulations affecting financial reporting and the responsibilities of directors and management, and auditors.

(b) Reviewed the audit fees proposed by EY together with management and recommended the negotiated fees agreed by EY to the Board of Directors for approval.

(c) Had discussions with EY twice during the financial year, namely on 20 September 2017 and 23 May 2018, without the presence of management, to apprise on matters in regard to the audit and financial statements. EY confirmed there was full support and good co-operation from management and employees of the Company.

(d) Reviewed the profiles of the audit engagement team and other support teams (tax accounting and risk advisory services, transaction advisory services, and IT risk and assurance) which enabled the Audit Committee to assess their qualification, expertise, resources, and independence, as well as the effectiveness of the audit process. EY also provided written confirmation of their independence in all of the reports presented to the Audit Committee. The Audit Committee also reviewed on a regular basis, the nature and extent of the non-audit services provided by EY and was satisfied with the suitability, performance, independence and objectivity of EY.

3. INTERNAL AUDIT

(a) Reviewed with the internal auditors the internal audit report on the audit findings and recommendations, management's responses and/or actions taken thereto, and ensured that material findings were satisfactorily addressed by management;

(b) Reviewed and adopted the internal audit risk analysis report for 2018. Internal audit would leverage on the Group's risk analysis to focus on the business processes and relevant areas that address the key risks identified;

(c) Reviewed and adopted the risk-based internal audit plan for financial year ending 30 June 2019 to ensure sufficient scope and coverage of activities of the Company and the Group;

(d) Reviewed internal audit resourcing, with focus on ensuring that the function has sufficient resources together with the right calibre of personnel to perform effectively, and that the head of internal audit has adequate authority to discharge his functions objectively and independently.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

(a) Reviewed, on a quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Main LR are observed;

(b) Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 221 of the Companies Act, 2016. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to related party transactions or RRPT;

(c) Reviewed the 2017 circular to shareholders in relation to the renewal of shareholder mandate for RRPT and new shareholder mandate for additional RRPT, prior to its recommendation to the Board of Directors for approval.

5. AMENDMENTS TO TERMS OF REFERENCE ("TOR")

(a) Reviewed the proposed amendments to its TOR to include enhancements to its oversight role as introduced by the changes to the Main LR and practices recommended in the Malaysian Code on Corporate Governance ("MCCG 2017"), prior to approval of the Board of Directors.

6. ANNUAL REPORT

(a) Reviewed the Audit Committee Report, and Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2017 Annual Report.

INTERNAL AUDIT FUNCTION

The objective of the Internal Audit ("IA") is to help management evaluate the effectiveness and efficiency of the internal control systems. The IA is part of the Company and the Group's governance system, and according to the MCCG 2017, the IA is in charge of supervising internal control activities. IA's goal is to focus mainly on risk-based audits related to operations and compliance that are aligned with the risks of the Company and the Group to ensure that the relevant controls addressing those risks are reviewed.

During the financial year, the IA Department evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems regarding:-

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with relevant laws, regulations and contractual obligations.

The work of the internal audit function during the year under review include:-

1. Developed the annual internal audit plan and proposed the plan to the Audit Committee.

2. Conducted scheduled and special internal audit engagements, focusing primarily on the effectiveness of internal controls and recommended improvements where necessary.

3. Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.

4. Presented significant audit findings and areas for improvements raised by the IA to the Audit Committee for consideration on the recommended corrective measures together with the management's responses.

5. Conducted recurrent related party transactions reviews to assess accuracy and completeness of reporting for presentation to the Audit Committee, and ensure compliance with the Main LR.

6. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.

Costs amounting to RM82,708 were incurred in relation to the internal audit function for the financial year ended 30 June 2018.

NOMINATING COMMITTEE ("NC")

The NC assists the Board of Directors of YTL Land & Development Berhad (the "Company") ("Board") in discharging its responsibilities by overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the needs of the Company and its subsidiaries ("YTL Land Group").

The terms of reference of the NC can be found under the "Governance" section on the Company's website at www.ytlland.com.

Members of the NC are as follows:-

- Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman *(Chairman)*
- Dato' Cheong Keap Tai
- Eu Peng Meng @ Leslie Eu

The NC met twice during financial year ended 30 June 2018, attended by all members.

ACTIVITIES OF THE NC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(a) Board nomination and election process and criteria used

The NC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies, experience or diversity gap that has been identified. Candidates may be proposed by the Managing Director or any Director or shareholder and must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director. In assessing the suitability of a candidate, the NC will take into consideration a number of factors including but not limited to the candidate's skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of independent non-executive director, the NC will evaluate the candidate's ability to discharge such responsibilities as expected from an independent non-executive director.

i. Review of Directors proposed for re-election

In accordance with Article 84 of the Company's Constitution ("Article 84"), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire, subject always to the requirement that all Directors shall retire from office once at least in each three years, and if eligible, may offer themselves for re-election.

In June 2018, based on the results of the assessment undertaken for the financial year, the NC resolved to recommend to the Board that:-

- Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian and Dato' Yeoh Seok Hong who are due to retire pursuant to Article 84 at the Seventy-Eighth Annual General Meeting of the Company ("AGM"), stand for re-election.

The Board, save for the members who had abstained from deliberations on their own re-election, supported the NC's views and recommends that shareholders vote in favour of the resolutions for their re-election at the forthcoming AGM.

ii. Review of Directors proposed for continuing in office as Independent Non-Executive Directors ("INED")

As part of the annual assessment of Directors, an assessment of independence was conducted on the INED. In addition to the criteria for independence prescribed in the Bursa Malaysia Securities Berhad Main Market Listing Requirements and Practice Note 13, INED were assessed on their ability and commitment to continue to bring independent and objective judgment to board deliberations.

The Board is of the view that there are significant advantages to be gained from the INED who have served on the Board for more than 12 years as they possess greater insights and knowledge of the businesses, operations and growth strategies of the YTL Land Group. Furthermore, the ability of a director to serve effectively as an independent director is very much a function of his calibre, qualification, experience and personal qualities, particularly of his integrity and objectivity in discharging his responsibilities in good faith in the best interest of the Company and his duty to vigilantly safeguard the interests of the shareholders of the Company.

The Board, save for Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman, Dato' Cheong Keap Tai and Eu Peng Meng @ Leslie Eu, who had abstained from deliberations on the matter, is satisfied with the skills, contributions and independent judgment that Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman, Dato' Cheong Keap Tai and Eu Peng Meng @ Leslie Eu bring to the Board. For these reasons, the Board, save for Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman, Dato' Cheong Keap Tai and Eu Peng Meng @ Leslie Eu, recommends and supports the resolutions for their continuing in office as INED of the Company which will be tabled for shareholders' approval to be sought via the single-tier voting process at the forthcoming AGM.

(b) Annual assessment

In May 2018, the annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors was carried out with the objectives of assessing whether the Board and the Board Committees, as well as the Directors have effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs; and to recommend areas for improvement. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms.

In evaluating the effectiveness of the Board, several areas were reviewed including the composition, degree of independence, right mix of expertise, experience and skills, quality of information and decision making, and boardroom activities. Board Committees were assessed on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.

The assessment of the individual Directors covered areas such as fit and properness, contribution and performance, calibre, character/personality and time commitment and whether they have shown the will and ability to deliberate constructively, ask the right questions and confidence to stand up for a point of view.

Results of the assessment were summarised and discussed at the NC meeting held in June 2018 and reported to the Board by the Chairman of the NC. No evident weakness or shortcoming was identified which require mitigating measure. The Board and the Board Committees continue to operate effectively and that the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for the year ended 30 June 2018 were satisfactory. These results form the basis of the NC's recommendations to the Board for the re-election of Directors at the AGM.

(c) Succession in the Boardroom

In June 2018, the NC deliberated on the succession in the boardroom after Dato' Suleiman Bin Abdul Manan indicated his desire to step down from his position as Non-Executive Chairman. The NC evaluated candidates best matched to the roles required and recommended the re-designation of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping to the role of Executive Chairman from Managing Director previously, and Dato' Yeoh Seok Kian, to Managing Director from Executive Director previously. Dato' Suleiman Bin Abdul Manan then stepped down from his position as the Non-Executive Chairman and remains on the Board as a Non-Executive Director.

(d) Review of the NC Statement for financial year ended 30 June 2017

The NC Statement was reviewed by the NC prior to its recommendation to the Board for approval for inclusion in 2017 Annual Report.

(e) Review of the Evaluation Criteria in the Assessment Forms

The NC reviewed and revised the evaluation criteria in the assessment forms to ensure consistency with the requirements of the Malaysian Code on Corporate Governance 2017.

POLICY ON BOARD COMPOSITION

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, one or 17% of the Company's Executive Directors is woman and she makes up 10% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS

Upon joining the Board, a newly appointed Director will be given an induction pack containing the Company's latest annual report, Constitution, and schedule of meetings of the Board and Committee (if the Director is also a Committee member) which will serve as an initial introduction to the YTL Land Group as well as an ongoing reference.

The Board, through the NC, assesses the training needs of its Directors on an ongoing basis by determining areas that would best strengthen their contributions to the Board.

Besides the findings from the annual performance assessment of Directors, which provide the NC with useful insights into the training needs of the Directors, each Director is requested to identify appropriate training that he/she believes will enhance his/her contribution to the Board.

The Board has taken steps to ensure that its members have access to appropriate continuing education programmes. The Company Secretary facilitates the organisation of in-house development programmes and keeps Directors informed of relevant external training programmes.

During the financial year ended 30 June 2018, the following three in-house training programmes were organised for the Directors:-

- YTL Leadership Conference 2017;
- Malaysian Code of Corporate Governance 2017;
- Companies Act 2016.

All the Directors have undergone training programmes during the financial year ended 30 June 2018. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
➢ **Corporate Governance ("CG")/Risk Management and Internal Controls/Taxation/Financial/Legal/Technology**	
• National Tax Conference 2017 – Managing Tax Issues for growth and nation building (25 & 26 July 2017)	Dato' Cheong Keap Tai
• Bursa Malaysia Directors Risk Management Programme: *"I am ready to manage risks!"* (22 August 2017)	Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman ("Tan Sri Abu Hassan")
• National Tax Seminar 2017 (IRBM) (2 November 2017)	Dato' Cheong Keap Tai

Nominating Committee Statement
for the financial year ended 30 June 2018

Seminars/Conferences/Training	Attended by
• MIA Conference 2017 (7 & 8 November 2017)	Dato' Cheong Keap Tai
• Bursa Malaysia Case Study Workshop for Independent Directors – *"Rethinking - Independent Directors: A New Frontier"* (9 November 2017)	Tan Sri Abu Hassan Eu Peng Meng @ Leslie Eu
• National GST Conference 2018 (27 & 28 February 2018)	Dato' Cheong Keap Tai
• Audit Committee Institute (ACI) Breakfast Roundtable 2018 – KPMG Report on Non-Executive Directors' Remuneration 2017 (19 March 2018)	Tan Sri Abu Hassan
• Malaysian Code of Corporate Governance 2017 (19 March 2018)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping ("Tan Sri Francis Yeoh") Dato' Yeoh Seok Kian Dato' Suleiman Bin Abdul Manan Dato' Cheong Keap Tai Dato' Mark Yeoh Seok Kah Dato' Hamidah Binti Maktar
• Companies Act 2016 (18 June 2018)	Tan Sri Francis Yeoh Dato' Yeoh Seok Kian Dato' Mark Yeoh Seok Kah
➢ **Sustainability**	
• Bursa Malaysia CG Breakfast series: Board excellence - *"How to engage and enthuse beyond compliance and sustainability"* (17 July 2017)	Dato' Hamidah Binti Maktar
➢ **Leadership, and Business Management**	
• 30% Club Business Leaders roundtable meeting (at Securities Commission) (14 August 2017)	Tan Sri Abu Hassan
• Bursa Malaysia CG Breakfast Series: Thought Leadership Session for Directors – Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World (13 October 2017)	Dato' Yeoh Seok Kian
• YTL Leadership Conference 2017 (6 November 2017)	Tan Sri Francis Yeoh Dato' Yeoh Seok Kian Dato' Suleiman Bin Abdul Manan Tan Sri Abu Hassan Dato' Yeoh Seok Hong Dato' Sri Michael Yeoh Sock Siong Dato' Mark Yeoh Seok Kah Dato' Hamidah Binti Maktar
• Bursa Malaysia CG Breakfast Series for Directors – Leading Change @ The Brain (5 December 2017)	Dato' Hamidah Binti Maktar

The Board of Directors ("Board") of YTL Land & Development Berhad ("YTL L&D" or "Company") remains firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries ("YTL L&D Group"). The YTL L&D Group has a long-standing commitment to corporate governance and protection of stakeholder value, which has been integral to the YTL L&D Group's achievements and strong financial profile to date.

The YTL L&D Group's corporate governance structure is a fundamental part of the Board's responsibility to protect and enhance long-term shareholder value and the financial performance of the YTL L&D Group, whilst taking into account the interests of all stakeholders.

In implementing its governance system and ensuring compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board has been guided by the principles and practices set out in the Malaysian Code on Corporate Governance ("Code") issued by the Securities Commission Malaysia.

The new Code was issued in April 2017 and required companies to report their application of the practices in the new Code for financial years ending on or after 31 December 2017, making this the Company's first report prepared with reference to its compliance with the new Code. In November 2017, Bursa Securities issued amendments to the Listing Requirements which, amongst others, replaced the previous narrative statement on corporate governance with the requirement for an overview of the application of the principles of the Code and set out the prescribed format for the Corporate Governance Report ("CG Report") required to be issued in conjunction with the annual report.

Therefore, an overview of the Board's implementation of the practices set out in the Code during the financial year ended 30 June 2018 is detailed in this statement, together with targeted timeframes for measures expected to be implemented in the near future, where applicable, and the Company's CG Report for the financial year ended 30 June 2018 is available at the Company's website at www.ytlland.com and has been released via the website of Bursa Securities at www.bursamalaysia.com in conjunction with the Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

RESPONSIBILITIES OF THE BOARD

YTL L&D is led and managed by an experienced Board with a wide and varied range of expertise to address and manage the complexity and scale of the YTL L&D Group's operations. This broad spectrum of skills and experience ensures the YTL L&D Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the YTL L&D Group.

Key elements of the Board's stewardship responsibilities include:

- Reviewing and adopting strategic plans for the YTL L&D Group to ensure long-term, sustainable value creation for the benefit of its stakeholders;
- Overseeing the conduct of the YTL L&D Group's business operations and financial performance, including the economic, environmental and social impacts of its operations;
- Identifying and understanding the principal risks affecting the YTL L&D Group's businesses in order to determine the appropriate risk appetite within which management is expected to operate;
- Maintaining a sound risk management and internal control framework, supported by appropriate mitigation measures;
- Succession planning; and
- Overseeing the development and implementation of shareholder communications policies.

The Board is led by the Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. In June 2018, the Board approved the re-designations of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, who was re-designated as the Executive Chairman, from Managing Director previously, and Dato' Yeoh Seok Kian, who was re-designated as the Managing Director, from Executive Director previously. Dato' Suleiman bin Abdul Manan stepped down from his current position as the Non-Executive Chairman and remains on the Board as a Non-Executive Director.

There is a balance of power, authority and accountability between the Executive Chairman and the Managing Director with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Executive Chairman and Managing Director are separate and clearly defined, and are held by different members of the Board.

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, the orderly and effective conduct of the meetings of the Board and shareholders, maintaining a relationship of trust with and between the Executive and Non-Executive Directors, ensuring the provision of accurate, timely and clear information to Directors, facilitating the effective contribution of Non-Executive Directors and ensuring that constructive relations are maintained between Executive and Non-Executive Directors.

The Managing Director is responsible for, amongst others, overseeing the day-to-day running of the business, implementation of Board policies and strategies, and making of operational decisions, serving as the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions, ensuring effective communication with shareholders and relevant stakeholders, providing strong leadership, i.e., effectively communicating a vision, management philosophy and business strategy to employees, and keeping the Board informed of salient aspects and issues concerning the Group's operations.

The Managing Director and Executive Directors are accountable to the Board for the profitability and development of the YTL L&D Group, consistent with the primary aim of enhancing long-term shareholder value. The Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of the YTL L&D Group.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgment to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are collectively accountable for the running and management of the YTL L&D Group's operations and for ensuring that strategies are fully discussed and examined, and take account of the long-term interests of shareholders, employees, customers, suppliers and the many communities in which the YTL L&D Group conducts its business.

In the discharge of their responsibilities, the Directors have established functions which are reserved for the Board and those which are delegated to management. Key matters reserved for the Board's approval include overall strategic direction, business expansion and restructuring plans, material acquisitions and disposals, expenditure over certain limits, issuance of new securities and capital alteration plans. Further information on authorisation procedures, authority levels and other key processes can also be found in the *Statement on Risk Management & Internal Control* set out in this Annual Report.

The Board believes sustainability is integral to the long-term success of the YTL L&D Group. Further information on the YTL L&D Group's sustainability activities can be found in the *Sustainability Statement* in this Annual Report.

BOARD MEETINGS AND PROCEDURES

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL L&D Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 5 times during the financial year ended 30 June 2018.

The Directors are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interests or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings as required.

The Directors have full and unrestricted access to all information pertaining to the YTL L&D Group's business and affairs to enable them to discharge their duties. At least one week prior to each Board meeting, all Directors receive the agenda together with a comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting.

Board papers are presented in a consistent, concise and comprehensive format, and include, where relevant to the proposal put forward for the Board's deliberation, approval or knowledge, progress reports on the YTL L&D Group's operations and detailed information on corporate proposals, major fund-raising exercises and significant acquisitions and disposals. Where necessary or prudent, professional advisers may be on hand to provide further information and respond directly to Directors' queries. In order to maintain confidentiality, Board papers on issues that are deemed to be price-sensitive may be handed out to Directors during the Board meeting.

The minutes of the Board and/or Board Committee meetings are circulated and confirmed at the next meeting. Once confirmed, the minutes of the Board Committee meetings are subsequently presented to the Board for notation.

COMPANY SECRETARY

The Board is supported by a professionally qualified and competent Company Secretary. The Company Secretary, Ms Ho Say Keng, is a Fellow of the Chartered Association of Certified Accountants, a registered member of the Malaysian Institute of Accountants and an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators, and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act 2016.

The Company Secretary ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. The Company Secretary works very closely with Management for timely and appropriate information, which will then be passed on to the Directors. In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.

During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties. The Company Secretary also carried out an ongoing review of existing practices in comparison with the new measures introduced in the Code.

BOARD CHARTER

The Board's functions are governed and regulated by its Charter, the Constitution of the Company and the various applicable legislation, Listing Requirements and other regulations and codes. The Board's Charter was formalised during the financial year ended 30 June 2014 and a copy can be found under the "Governance" section on the Company's website at www.ytlland.com. The Board Charter clearly sets out the role and responsibilities of the Board, Board committees, Directors and Management and the issues and decisions reserved for the Board. The Board Charter is reviewed and updated periodically when necessary.

BUSINESS CONDUCT AND ETHICS

The Directors observe and adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment. YTL L&D has an established track record for good governance and ethical conduct, and is also guided by the corporate culture of its parent company, YTL Corporation Berhad ("YTL Corp"). YTL Corp is in the process of updating and formalising the code of conduct for all employees of its group of companies in a consolidated employee handbook, which also sets out a whistleblowing policy and procedures.

COMPOSITION OF THE BOARD

The Board currently has 10 Directors, comprising 6 executive members and 4 non-executive members, 3 of whom are independent.

The Independent Directors comprise 30.0% of the Board. This provides an effective check and balance in the functioning of the Board, and complies with the Listing Requirements, which require one-third of the Board to be independent. The Directors are cognisant of the recommendation in the Code for at least half of the Board to comprise independent directors and will assess the composition and size of the Board on an ongoing basis to ensure the needs of the Company are met. The Board is of the view that the current Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions, and act in the best interests of the shareholders.

There are currently 3 Independent Non-Executive Directors, Tan Sri Datuk Seri Panglima Dr Abu Hassan Bin Othman, Dato' Cheong Keap Tai and Mr Eu Peng Meng @ Leslie Eu, who have served on the Board for a period exceeding the nine-year term limit recommended in the Code. In accordance with current practice, approval through a vote of all shareholders via the single-tier voting process will continue to be sought at the forthcoming seventy-eighth Annual General Meeting ("AGM") of YTL L&D for Tan Sri Datuk Seri Panglima Dr Abu Hassan Bin Othman, Dato' Cheong Keap Tai and Mr Eu Peng Meng @ Leslie Eu to continue to serve as Independent Non-Executive Directors. Further information on the review and assessment process can be found in the *Nominating Committee Statement*, whilst details of the resolution, together with the rationale for approval sought, can be found in the *Notice of Annual General Meeting* in this Annual Report.

In accordance with the Company's Constitution, at least one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments.

The names of Directors seeking re-election at the forthcoming AGM are disclosed in the *Notice of Annual General Meeting*, which can be found in this Annual Report. The details of the Directors can be found in the *Profile of the Board of Directors* set out in this Annual Report and this information is also available under the "Governance" section on the Company's website at www.ytlland.com.

BOARD AND SENIOR MANAGEMENT APPOINTMENTS

The Nominating Committee is chaired by an Independent Non-Executive Director and is responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, diversity, experience and expertise of members of the Board before submitting its recommendation to the Board for decision. Nevertheless, in identifying future candidates, the Board will also endeavour to utilise independent sources including external human resources consultants and specialised databases, as appropriate.

Meanwhile, members of senior management are selected based on relevant industry experience, with due regard for diversity in skills, experience, age, background and gender, and are appointed by the Executive Chairman and/or the Managing Director following recommendation by the Executive Director in charge of the relevant division.

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently there is one female director on the Board comprising 10.0% of the Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to support diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

EVALUATION OF THE BOARD

Annual evaluation of the Board as a whole, Board Committees and the individual Directors is carried out by the Nominating Committee. The evaluation carried out during the financial year under review involved an annual assessment of the effectiveness of each individual Director and the Board as a whole with the objectives of assessing whether the Board and the Directors had effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs, in addition to recommending areas for improvement.

The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/ evaluation forms comprising a Board and Nominating Committee Effectiveness Evaluation Form, Individual Director Performance Evaluation Form, Independent Directors' Evaluation Form, Audit Committee Effectiveness Evaluation Form and Audit Committee Members Evaluation Form. Further information on the activities of the Nominating Committee can be found in the *Nominating Committee Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlland.com.

REMUNERATION

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre to lead the YTL L&D Group successfully. In general, the remuneration of the Directors is reviewed against the performance of the individual and the YTL L&D Group. The Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the AGM.

The Board does not currently have a separate committee to perform this function but will target to establish a remuneration committee within the next two years.

Details of the Directors' remuneration categorised into appropriate components can be found in *Note 9* in the *Notes to the Financial Statements* in this Annual Report. Meanwhile, as regards the remuneration of the YTL L&D Group's senior management team, the Board is of the view that the disclosure of these details would not be in the best interests of YTL L&D Group due to confidentiality and the competitive nature of the industries in which the YTL L&D Group operates, as well as for business and personal security reasons.

BOARD COMMITMENT

In accordance with the Listing Requirements, each member of the Board holds not more than five directorships in public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the YTL L&D Group thereby enabling them to discharge their duties effectively.

Presently, each Board member is required to assess (via the annual assessment process) whether he/she devotes the necessary time and energy to fulfilling his/her commitments to the Company. The Board recognises that an individual's capacity for work varies depending on various factors that weigh very much on his/her own assessment. Hence, having rigid protocols in place before any new directorships may be accepted is not practical. Each Board member is also expected to inform the Board whenever he/she is appointed as an officer of a corporation.

The details of each Director's attendance of Board meetings can be found in the *Profile of the Board of Directors* whilst details of the training programmes attended during the year under review are disclosed in the *Nominating Committee Statement* in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlland.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

INTEGRITY IN FINANCIAL REPORTING

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Listing Requirements, Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The *Statement of Directors' Responsibilities* made pursuant to Section 248-249 of the Companies Act 2016 is set out in this Annual Report.

In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, to present a true and fair assessment of the Company's position and prospects. Interim financial reports were reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities.

AUDIT COMMITTEE

The Company has in place an Audit Committee which comprises 3 Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code, namely Mr. Eu Peng Meng @ Leslie Eu, Tan Sri Datuk Seri Panglima Dr Abu Hassan Bin Othman and Dato' Cheong Keap Tai. The Chairman of the Audit Committee is Mr Eu Peng Meng @ Leslie Eu, in accordance with the recommendations of the Code that the chairman of the audit committee should not be the chairman of the Board.

The members of the Audit Committee possess a wide range of necessary skills to discharge their duties, and are financially literate and able to understand matters under the purview of the Audit Committee including the financial reporting process. The members of the Audit Committee also intend to continue to undertake professional development by attending training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The Audit Committee holds quarterly meetings to review matters including the YTL L&D Group's financial reporting, the audit plans for the financial year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

The Audit Committee met 5 times during the financial year ended 30 June 2018. Full details of the composition and a summary of the work carried out by the Audit Committee during the financial year can be found in the *Audit Committee Report* set out in this Annual Report. This information and the terms of reference of the Audit Committee are available under the "Governance" section on the Company's website at www.ytlland.com.

The Audit Committee has established formal and professional arrangements for maintaining an appropriate relationship with the Company's external auditors, Messrs Ernst & Young ("EY"). The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders.

During the financial year under review, the Terms of Reference of the Audit Committee were updated to include the establishment of policies to assess the suitability, objectivity and independence of external auditors. It is intended that these policies, which will also include a requirement that a former key audit partner must observe a cooling-off period of two years before being appointed as a member of the Audit Committee, will be implemented within the next one year.

Details of the audit and non-audit fees paid/payable to EY for the financial year ended 30 June 2018 are as follows:-

	Company	**Group**
	RM'000	**RM'000**
Statutory audit fees paid/ payable to:		
- EY	**151**	**250**
- Affiliates of EY	**-**	**-**
Total	**151**	**250**
Non-audit fees paid/payable to:-		
- EY	**10**	**10**
- Affiliates of EY	**-**	**-**
Total	**10**	**10**

RISK MANAGEMENT & INTERNAL CONTROL

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the YTL L&D Group's assets, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

Details of the YTL L&D Group's system of risk management and internal control are contained in the *Statement on Risk Management & Internal Control* and the *Audit Committee Report* as set out in this Annual Report.

INTERNAL AUDIT

YTL L&D's internal audit function is carried out by the Internal Audit department within the YTL Corp Group ("YTLIA"), which reports directly to the Audit Committee. The Head of YTLIA, Mr Choong Hon Chow, is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants (ACCA) UK. He started his career with the external audit division of a large public accounting firm before moving on to the internal audit profession in public listed companies and gained valuable and extensive internal audit experiences covering many areas of diversified commercial businesses and activities. He has a total of 35 years of internal and external audit experience.

YTLIA comprises 8 full-time personnel. The personnel of YTLIA are free from any relationships or conflicts of interest which could impair their objectivity and independence.

The internal audit function adopts the framework based on the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The activities of the internal audit function during the year under review included:-

- Developing the annual internal audit plan and proposing this plan to the Board;
- Conducting scheduled internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary;
- Conducting follow-up reviews to assess if appropriate action has been taken to address issues highlighted in audit reports; and
- Presenting audit findings to the Board for consideration.

Further details of the YTL L&D Group's internal audit function are contained in the *Statement on Risk Management & Internal Control* and the *Audit Committee Report* as set out in this Annual Report.

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

COMMUNICATION WITH SHAREHOLDERS

The YTL L&D Group values dialogue with investors and constantly strives to improve transparency by maintaining channels of communication with shareholders and investors that enable the Board to convey information about performance, corporate strategy and other matters affecting stakeholders' interests. The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders.

Accordingly, the Board ensures that shareholders are kept well-informed of any major development of the YTL L&D Group. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results, and corporate websites. Corporate information, annual financial results, governance information, business reviews and future plans are disseminated through the Annual Report, whilst current corporate developments are communicated via the Company's corporate website at www.ytlland.com and the YTL Corp Group's community website at www.ytlcommunity.com, in addition to prescribed information, including its interim financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

The Executive Chairman, Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the YTL L&D Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the YTL L&D Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL L&D Group's performance and major development programs.

Whilst efforts are made to provide as much information as possible to its shareholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its shareholders. Therefore, the information that is price-sensitive or that may be regarded as undisclosed material information about the YTL L&D Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

CONDUCT OF GENERAL MEETING

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL L&D Group, the resolutions being proposed and the business of the YTL L&D Group in general at every general meeting of the Company.

The Notice of the AGM and a circular to shareholders in relation to the renewal of the Company's share buy-back and recurrent related party transactions mandates, if applicable, are sent to shareholders at least 28 days prior to the AGM in accordance with the Code, which also meets the criteria of the Listing Requirements and Companies Act 2016, which require the Notice of AGM to be sent 21 days prior to the AGM. This provides shareholders with sufficient time to review the YTL L&D Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed to make informed voting decisions at the AGM.

The Executive Chairman, Managing Director and Executive Directors take the opportunity to present a comprehensive review of the progress and performance of the YTL L&D Group and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the YTL L&D Group's business operations, strategy and goals. The Directors are mindful of the recommendation under the Code that all directors must attend general meetings and fully appreciate the need for their attendance at all such meetings.

Extraordinary general meetings are held as and when required to seek shareholders' approval. The Executive Chairman, Managing Director and Executive Directors take the opportunity to fully explain the rationale for proposals put forth for approval and the implications of such proposals for the Company and to reply to shareholders' questions.

Voting in absentia is not applied as general meetings are always held at easily accessible locations, in the centre of Kuala Lumpur. Shareholders who are unable to attend the meetings can appoint a proxy to vote on their behalf.

Where applicable, each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved. All resolutions are put to vote by electronic poll voting and an independent scrutineer is appointed to verify poll results. The results of the electronic poll voting are announced in a timely manner, usually within half an hour of the voting process to enable sufficient time for the results to be tabulated and verified by the independent scrutineer.

The rights of shareholders, including the right to demand for a poll, are found in the Constitution of the Company. At the 77th AGM of the Company, held on 12 December 2017, the resolutions put forth for shareholders' approval were voted on by way of a poll.

This statement and the CG Report were approved by the Board of Directors on 29 August 2018.

Statement on
Risk Management & Internal Control
for the financial year ended 30 June 2018

During the financial year under review, YTL Land & Development Berhad ("YTL L&D" or "Company") and its subsidiaries ("YTL L&D Group") continued to enhance the YTL L&D Group's system of internal control and risk management, to comply with the applicable provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the principles and recommendations of the Malaysian Code on Corporate Governance ("Code"). The new Code was issued in April 2017 and required companies to report their application of the practices in the new Code for financial years ending on or after 31 December 2017, making this the Company's first report prepared with reference to its compliance with the new Code.

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the assets of the YTL L&D Group, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

RESPONSIBILITIES OF THE BOARD

The Board is ultimately responsible for maintaining a sound system of risk management and internal control which includes the establishment of an appropriate control environment framework to address the need to safeguard shareholders' investments and the assets of the YTL L&D Group, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management. However, the Board recognises that reviewing the YTL L&D Group's system of risk management and internal control is a concerted and continuing process, designed to minimise the likelihood of fraud and error, and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Board believes that the YTL L&D Group's system of risk management and internal control, financial or otherwise in place for the financial year under review, should provide reasonable assurance regarding the achievement of the objectives of ensuring effectiveness and efficiency of operations, reliability and transparency of financial information and compliance with laws and regulations.

PRINCIPAL FEATURES OF THE YTL L&D GROUP'S SYSTEM OF INTERNAL CONTROL

The Board is committed to maintaining a sound internal control structure that includes processes for continuous monitoring and review of effectiveness of control activities, and to govern the manner in which the YTL L&D Group and its staff conduct themselves. The principal features which formed part of the YTL L&D Group's system of internal control can be summarised as follows:-

- **Authorisation Procedures:** The YTL L&D Group has a clear definition of authorisation procedures and a clear line of accountability, with strict authorisation, approval and control procedures within the Board and the senior management. Responsibility levels are communicated throughout the YTL L&D Group which set out, among others, authorisation levels, segregation of duties and other control procedures to promote effective and independent stewardship in the best interests of shareholders.

- **Authority Levels:** The YTL L&D Group has delegated authority levels for major tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions to the Executive Directors. The approval of capital and revenue proposals above certain limits is reserved for decision by the Board. Other investment decisions are delegated for approval in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions.

  The authority of the Directors is required for decisions on key treasury matters including financing of corporate and investment funding requirements, interest rate risk management, investments, insurance and designation of authorised signatories.

- **Financial Performance:** Interim financial results are reviewed by the Audit Committee and approved by the Board upon recommendation of the Audit Committee before release to Bursa Securities. The full year financial results and analyses of the YTL L&D Group's state of affairs are disclosed to shareholders after review and audit by the external auditors.

- **Internal Compliance:** The YTL L&D Group monitors compliance with its internal financial controls through management reviews and reports which are internally reviewed by key personnel to enable it to gauge achievement of annual targets. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies, as well as changes to legal and regulatory compliance requirements relevant to the YTL L&D Group. Internal audit visits are systematically arranged over specific periods to monitor and scrutinise compliance with procedures and assess the integrity of financial information provided.

KEY PROCESSES OF THE YTL L&D GROUP'S SYSTEM OF INTERNAL CONTROL

The key processes that the Board has established to review the adequacy and integrity of the system of internal control are as follows:-

- **Internal Audit Function:** The YTL L&D Group's internal audit function is carried out by the Internal Audit department within the YTL Corporation Berhad Group ("YTLIA") which provides assurance on the efficiency and effectiveness of the internal control systems implemented by management, and reports directly to the Audit Committee. A description of the work of the internal audit function can be found in the Audit Committee Report, whilst additional details about the personnel and resources of YTLIA are contained in the *Corporate Governance Overview Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlland.com.

  YTLIA operates independently of the work it audits and provides periodic reports to the Audit Committee, reporting on the outcome of the audits conducted which highlight the effectiveness of the system of internal control and significant risks. The Audit Committee reviews and evaluates the key concerns and issues raised by YTLIA and ensures that appropriate and prompt remedial action is taken by management.

  None of the weaknesses or issues identified during the review for the financial year has resulted in non-compliance with any relevant policies or procedures, listing requirements or recommended industry practices that would require disclosure in the Company's Annual Report.

  The system of internal control will continue to be reviewed, enhanced and 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 appraisals by YTLIA. The Board is of the view that the current system of internal control in place throughout the YTL L&D Group is effective to safeguard its interests.

- **Senior Management Meetings:** The YTL L&D Group conducts regular meetings of the senior management which comprises Executive Directors and divisional heads. The purpose of these meetings is to deliberate and decide upon urgent company matters. Decisions can then be effectively communicated to relevant staff levels in a timely manner. From these meetings, the management is able to identify significant operational and financial risks of the business units concerned.

- **Treasury Meetings:** Management meetings are convened to review, identify, discuss and resolve significant financial and treasury matters and to monitor the financial standing of the YTL L&D Group. These meetings are conducted on a regular basis to ensure that any new financial developments and/or areas of concern are highlighted early and can be dealt with promptly. The members of this meeting comprise at least the YTL L&D Group Managing Director, Executive Directors and senior managers.

- **Site Visits:** The Executive Directors undertake site visits to production and operating units and communicate with various levels of staff to gauge first-hand the effectiveness of strategies discussed and implemented. This is to ensure that management and the Executive Directors maintain a transparent and open channel of communication for effective operation.

KEY FEATURES & PROCESSES OF THE YTL L&D GROUP'S RISK MANAGEMENT FRAMEWORK

The YTL L&D Group's financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business, such as, where possible, entering into joint venture agreements with land owners when undertaking property development projects. This strategy has helped to keep holding costs low and provided better resilience against severe downswings in the property market.

The Board acknowledges that all areas of the YTL L&D Group's business activities involve some degree of risk. The YTL L&D Group is committed to ensuring that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of the YTL L&D Group's operations in order to enhance shareholder value.

The Board assumes overall responsibility for the YTL L&D Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the YTL L&D Group is an ongoing process which is undertaken by the senior management at each level of operations and by the Audit Committee, which assesses and analyses these findings and reports to the Board. At the same time, YTLIA, in the performance of its internal audit function, will identify and evaluate any significant risks faced by the YTL L&D Group and report these findings to the Audit Committee. During the financial year under review, the Board's function within the risk management framework was exercised primarily by the Executive Directors through their participation in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

In terms of financial risk, the YTL L&D Group's operations are subject to liquidity risk, credit risk, interest rate risk and foreign currency risk. The YTL L&D Group's financial risk management policy seeks to ensure that adequate resources are available to manage these risks and to create value for its shareholders. The Board reviews and agrees policies and procedures for the management of these risks. It is not in the YTL L&D Group's policy to engage in speculative transactions. Further discussion and details on the YTL L&D Group's risk management is contained in the *Management Discussion & Analysis* in this Annual Report.

Management is responsible for creating a risk-aware culture within the YTL L&D Group and for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements. Significant changes in the business and the external environment which affect significant risks will be reported by the management to the Board in developing a risk mitigation action plan. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the internal auditors.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed, and to ensure compliance with the guidelines issued by the relevant authorities. This is to ensure the YTL L&D Group is able to respond effectively to the constantly changing business environment in order to protect and enhance stakeholders' interests and shareholder value.

REVIEW BY EXTERNAL AUDITORS

The external auditors, Messrs Ernst & Young, have reviewed this Statement on Risk Management & Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2018, in compliance with Paragraph 15.23 of the Listing Requirements, 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 system of internal controls.

CONCLUSION

The Board is of the view that the system of risk management and internal control being instituted throughout the YTL L&D Group is sound and effective. The monitoring, review and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for the YTL L&D Group's operations and that risks are at an acceptable level throughout its businesses. The Managing Director, who is also primarily responsible for the financial management of YTL L&D, has provided assurance to the Board that the YTL L&D Group's risk management and internal control system is operating adequately and effectively. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard shareholders' investments and the YTL L&D Group's assets.

This statement was approved by the Board of Directors on 27 September 2018.

Disclosure of
Recurrent Related Party Transactions of A Revenue or Trading Nature

for the financial year ended 30 June 2018

At the last Annual General Meeting of YTL Land & Development Berhad ("YTL L&D") held on 12 December 2017, YTL L&D had obtained a mandate from its shareholders to allow YTL L&D and/or its subsidiaries ("YTL L&D Group") to enter into related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of YTL L&D or its subsidiaries ("Recurrent Related Party Transactions").

In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR"), details of the Recurrent Related Party Transactions conducted during the financial year ended 30 June 2018 pursuant to the said shareholder mandate are as follows:-

Corporations in the YTL L&D Group involved in the Recurrent Related Party Transactions	Related Party	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
Bayumaju Development Sdn Bhd; Budaya Bersatu Sdn Bhd ("BBSB"); Pakatan Perakbina Sdn Bhd; Pinnacle Trend Sdn Bhd; PYP Sendirian Berhad; SR Property Management Sdn Bhd; Sentul Raya Sdn Bhd ("SRSB"); Syarikat Kemajuan Perumahan Negara Sdn Bhd; YTL L&D;	YTL Corporation Group[e]	Car parking fees paid/received; Provision or procurement of software, information technology field includes hardware and software, software support, help desk and related services such as but not limited to event management, equipment rental, etc by Related Party; Progress billings for construction contracts from Related Party; Project management and marketing agent fees paid/received; Provision of hotel related services by Related Party; Rentals received for use of office spaces from Related Party; Rentals received for use of premises at Sang Suria Condo, Kuala Lumpur from Related Party;	YTLSH[a] YTL Corporation[b] Tan Sri Yeoh Tiong Lay[c] Yeoh Siblings[d]	^Major Shareholder/ †Person Connected[1] ^Major Shareholder/ †Person Connected[2] ^Major Shareholder/ †Person Connected[1][2][3] Directors[1][2][3]	144,933

Corporations in the YTL L&D Group involved in the Recurrent Related Party Transactions	Related Party	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
YTL Westwood Properties Pte Ltd		Rentals paid for use of premises at Starhill Gallery and Lot 10 Shopping Centre, Kuala Lumpur to Related Party.			
BBSB; SRSB	Persons Connected with Yeoh Siblings[d] and/or Tan Sri Yeoh Tiong Lay[c]	Progress billings for the sale of properties to Related Party; Rentals received for use of office spaces from Related Party.	Tan Sri Yeoh Tiong Lay[c] Yeoh Siblings[d] Persons Connected with Yeoh Siblings[d] and/or Tan Sri Yeoh Tiong Lay[c]	^Major Shareholder/ †Person Connected[(1)(2)(3)] Directors[(1)(2)(3)] †Person Connected	18,398

Footnotes:-

[a] YTLSH - Yeoh Tiong Lay & Sons Holdings Sdn Bhd

[b] YTL Corporation - YTL Corporation Berhad

[c] Tan Sri Yeoh Tiong Lay - The Estate of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay

[d] Yeoh Siblings - Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong and Dato' Mark Yeoh Seok Kah

[e] YTL Corporation Group - YTL Corporation and its subsidiaries (excluding YTL e-Solutions Berhad, YTL L&D, YTL Power International Berhad and their subsidiaries, joint ventures and associated companies), joint ventures and associated companies

^ Major Shareholder - As defined in Paragraph 1.01 of the Main LR and for purpose of this disclosure, includes the definition set out in Chapter 10 of the Main LR.

† Person Connected - As defined in Paragraph 1.01 of the Main LR.

Notes:-

(1) YTLSH is a Major Shareholder of YTL L&D Group and YTL Corporation Group. YTLSH is a Person Connected with Tan Sri Yeoh Tiong Lay and the Yeoh Siblings.

(2) YTL Corporation is a Major Shareholder of YTL L&D Group and YTL Corporation Group. YTL Corporation is a Person Connected with Tan Sri Yeoh Tiong Lay and the Yeoh Siblings.

(3) Tan Sri Yeoh Tiong Lay is a Major Shareholder of YTLSH, YTL Corporation Group and YTL L&D Group. Tan Sri Yeoh Tiong Lay is a Person Connected with the Yeoh Siblings.

Analysis of Share/Irredeemable Convertible Unsecured Loan Stock (ICULS) Holdings

as at 21 September 2018

Class of shares : Ordinary shares

Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares#	%
Less than 100	1,138	6.43	16,390	0.00
100 - 1,000	7,732	43.70	4,547,338	0.55
1,001 - 10,000	6,418	36.27	28,292,644	3.41
10,001 - 100,000	2,130	12.04	66,676,597	8.04
100,001 to less than 5% of issued shares	274	1.55	190,635,599	23.00
5% and above of issued shares	1	0.01	539,000,834	65.00
Total	**17,693**	**100.00**	**829,169,402**	**100.00**

Excluding 15,175,500 shares bought back and retained by the Company as treasury shares.

THIRTY LARGEST SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of Shares	%
1	YTL Corporation Berhad	539,000,834	65.00
2	Maybank Securities Nominees (Tempatan) Sdn Bhd - Construction Lease (M) Sdn Bhd for Dato' Mohamed Zainal Abidin Bin Abdul Kadir (DLR 072)	35,617,470	4.30
3	Maybank Securities Nominees (Tempatan) Sdn Bhd - Construction Lease (M) Sdn Bhd for MZK Realty Sdn Bhd	15,466,646	1.87
4	Maybank Securities Nominees (Tempatan) Sdn Bhd - Construction Lease (M) Sdn Bhd for Opal Ventures Sdn Bhd (DLR 072)	14,871,794	1.79
5	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Kwong Joo (E-KLC)	8,248,100	0.99
6	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	8,021,600	0.97
7	Jamaican Gold Limited	7,000,000	0.84
8	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	6,402,200	0.77
9	Maybank Securities Nominees (Tempatan) Sdn Bhd - Construction Lease (M) Sdn Bhd for Raja Dato' Wahid Bin Raja Kamaral Zaman (DLR 072)	3,896,438	0.47
10	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	3,432,500	0.41
11	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Leong Hong Lam (E-KPG/TNM)	2,894,900	0.35
12	Abdul Aziz Bin Hashim	2,490,000	0.30
13	Citigroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Kwong Joo (471898)	2,165,000	0.26

	Name	No. of Shares	%
14	YTL Corporation Berhad	2,119,300	0.26
15	Lim Seng Chee	1,771,000	0.21
16	Khor Keng Saw @ Khaw Ah Soay	1,664,600	0.20
17	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Kwong Joo (001)	1,497,100	0.18
18	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,329,700	0.16
19	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Kwong Joo	1,229,200	0.15
20	Chong Kok Fah	1,100,000	0.13
21	Tan Boon Lee	1,050,000	0.13
22	Wong Keat Keong	1,034,600	0.12
23	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	1,028,200	0.12
24	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	974,000	0.12
25	Low Su Ming	890,000	0.11
26	Cimsec Nominees (Asing) Sdn Bhd - Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	851,630	0.10
27	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Kien Wi (E-KPT)	850,000	0.10
28	Cheng Ling Mu	846,300	0.10
29	Ti Geok Chiam	822,200	0.10
30	Lim Kian Huat	802,000	0.10
	Total	**669,367,312**	**80.71**

SUBSTANTIAL SHAREHOLDERS

(as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
YTL Corporation Berhad	541,120,234	65.26	-	-
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	17,856,300	2.15	541,120,234①	65.26
The Estate of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	-	558,976,534②	67.41
Dato' Mohamed Zainal Abidin bin Abdul Kadir	35,688,752	4.30	15,466,646③	1.87

① Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 8 of the Companies Act, 2016.

② Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd & YTL Corporation Berhad pursuant to Section 8 of the Companies Act, 2016.

③ Deemed interests by virtue of interests held by MZK Realty Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

Analysis of Share/Irredeemable Convertible Unsecured Loan Stock (ICULS) Holdings

as at 21 September 2018

Type of Securities	:	Irredeemable Convertible Unsecured Loan Stocks 2011/2021 (ICULS 2011/2021)
Voting rights	:	One vote per ICULS 2011/2021 holder on a show of hands or one vote per ICULS 2011/2021 on a poll in respect of meeting of ICULS 2011/2021 holders

DISTRIBUTION OF ICULS 2011/2021 HOLDINGS

Size of holding	No. of ICULS 2011/2021 Holders	%	No. of ICULS 2011/2021	%
Less than 100	39	1.33	1,457	0.00
100 - 1,000	720	24.60	460,054	0.05
1,001 - 10,000	1,529	52.24	6,021,768	0.61
10,001 - 100,000	481	16.44	14,508,074	1.46
100,001 to less than 5% of issued ICULS	157	5.36	189,063,381	19.06
5% and above of issued ICULS	1	0.03	781,731,629	78.82
Total	**2,927**	**100.00**	**991,786,363**	**100.00**

THIRTY LARGEST ICULS 2011/2021 HOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of ICULS 2011/2021	%
1	YTL Corporation Berhad	781,731,629	78.82
2	Ong Bee Lian	33,558,300	3.38
3	Teo Kwee Hock	28,738,800	2.90
4	Onn Ping Lan	16,042,300	1.62
5	Lucky Star Pte Ltd	13,669,500	1.38
6	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	4,812,960	0.49
7	Soo Boon Choo	4,300,000	0.43
8	Jamaican Gold Limited	4,200,000	0.42
9	Yap Sook Chin	3,993,000	0.40
10	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	3,841,320	0.39
11	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teo Siew Lai	3,831,600	0.39
12	Chew Kok Leong	3,300,000	0.33
13	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teo Kwee Hock	2,979,200	0.30

	Name	No. of ICULS 2011/2021	%
14	Liew Kon Mun	2,666,200	0.27
15	MKW Jaya Sdn. Bhd.	2,600,000	0.26
16	Ho Fook Seng @ Ho Pock Seng	2,317,000	0.23
17	Heng Ah Lik	2,165,000	0.22
18	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	2,059,500	0.21
19	Foong Wye Soon	2,000,000	0.20
20	Ong Bee Lian	1,800,000	0.18
21	Goh Cheah Hong	1,378,700	0.14
22	Onn Soo Eng (Weng Shuying)	1,346,600	0.14
23	YTL Corporation Berhad	1,271,580	0.13
24	Maybank Securities Nominees (Asing) Sdn Bhd - Pledged Securities Account for Onn Ping Lan	1,200,000	0.12
25	Ng Ho Fatt	1,200,000	0.12
26	Chan Shao Hong	1,000,000	0.10
27	Naga Delima Sdn Bhd	1,000,000	0.10
28	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lo Su Loke	990,000	0.10
29	Nirmal Singh A/L Santa Singh	990,000	0.10
30	Chan Jinn Wern	958,300	0.10
	Total	**931,941,489**	**93.97**

Statement of Directors' Interests

in the Company and Related Corporations as at 21 September 2018

THE COMPANY
YTL LAND & DEVELOPMENT BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Yeoh Seok Kian	61,538	0.01	–	–

	No. of Irredeemable Convertible Unsecured Loan Stocks 2011/2021 Held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Yeoh Seok Kian	37,000	*	–	–

HOLDING COMPANY
YTL CORPORATION BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	142,661,239	1.35	–	–
Dato' Yeoh Seok Kian	56,591,526	0.54	13,447,566(1)	0.13
Dato' Yeoh Seok Hong	52,425,780	0.50	24,020,752(1)	0.23
Dato' Sri Michael Yeoh Sock Siong	54,725,584	0.52	20,367,143(1)	0.19
Dato' Mark Yeoh Seok Kah	20,482,775	0.19	4,085,708(1)	0.04
Dato' Hamidah Binti Maktar	770,439	0.01	–	–

	No. of Share Options	
Name	**Direct**	**Indirect**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	17,000,000	12,000,000(1)
Dato' Yeoh Seok Kian	15,000,000	6,000,000(1)
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	–
Dato' Yeoh Seok Hong	15,000,000	12,000,000(1)
Dato' Sri Michael Yeoh Sock Siong	15,000,000	–
Dato' Mark Yeoh Seok Kah	15,000,000	–
Dato' Hamidah Binti Maktar	2,000,000	–
Eu Peng Meng @ Leslie Eu	1,000,000	–

ULTIMATE HOLDING COMPANY
YEOH TIONG LAY & SONS HOLDINGS SDN BHD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	12.28	–	–
Dato' Yeoh Seok Kian	5,000,000	12.28	–	–
Dato' Yeoh Seok Hong	5,000,000	12.28	–	–
Dato' Sri Michael Yeoh Sock Siong	5,000,000	12.28	–	–
Dato' Mark Yeoh Seok Kah	5,000,000	12.28	–	–

RELATED CORPORATIONS
YTL POWER INTERNATIONAL BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	20,013,596	0.26	90,780(1)	*
Dato' Yeoh Seok Kian	10,612,987	0.14	9,409,578(1)	0.12
Dato' Suleiman Bin Abdul Manan	–	–	1,316(1)	*
Dato' Yeoh Seok Hong	102,945,219	1.34	5,115,520(1)	0.07
Dato' Sri Michael Yeoh Sock Siong	14,336,235	0.19	2,711,213(1)	0.04
Dato' Mark Yeoh Seok Kah	9,575,718	0.12	1,443,626(1)	0.02
Dato' Hamidah Binti Maktar	1,883,664	0.02	–	–

	No. of Share Options	
Name	**Direct**	**Indirect**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	17,000,000	–
Dato' Yeoh Seok Kian	15,000,000	–
Dato' Yeoh Seok Hong	10,000,000	4,500,000(1)
Dato' Sri Michael Yeoh Sock Siong	15,000,000	–
Dato' Mark Yeoh Seok Kah	15,000,000	–

SYARIKAT PELANCONGAN SERI ANDALAN (M) SDN BHD

	No. of Shares Held	
Name	**Direct**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	*

Statement of Directors' Interests

in the Company and Related Corporations as at 21 September 2018

YTL CORPORATION (UK) PLC

	No. of Shares Held	
Name	**Direct**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	*

YTL CONSTRUCTION (THAILAND) LIMITED

	No. of Shares Held	
Name	**Direct**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	0.01
Dato' Yeoh Seok Kian	1	0.01
Dato' Yeoh Seok Hong	1	0.01
Dato' Sri Michael Yeoh Sock Siong	1	0.01
Dato' Mark Yeoh Seok Kah	1	0.01

SAMUI HOTEL 2 CO. LTD

	No. of Shares Held	
Name	**Direct**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	*
Dato' Mark Yeoh Seok Kah	1	*

* Negligible
(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act, 2016.

Other than as disclosed above, none of the other Directors held any interest in shares of the company or its related corporations.

List of Properties
as at 30 June 2018

Location	Tenure	Land Area (acres)	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2018 RM'000	Date of Acquisition
Lot 1070N of Town Subdivision 24, Orchard Boulevard	Freehold	1.427	Residential Development	-	-	-	1,931,815	22.11.2007
Section 81, 83 & 84 Bandar Kuala Lumpur, Wilayah Persekutuan and Mukim Batu, Kuala Lumpur	Freehold	37.303	Park Land	-	-	-	25,486	1995
		47.226	Future Development Land	-	-	-	91,728	1995
		62.343	Mixed Residential and Commercial Development	-	-	-	222,932	1995
		2.349	Commercial Development	-	-	-	12,698	2003
Lot 534 (Grant No. 30470) & Lot 535 (Grant No. 27127) Bandar Kuala Lumpur, Daerah Kuala Lumpur	Freehold	0.75	Future Development Land	-	-	-	281,107	25.1.2008
Lot 101, Section 63 (Grant No. 11238), Bandar Kuala Lumpur, Daerah Kuala Lumpur	Freehold	0.978	Future Development Land	-	-	-	95,063	11.4.2008
Lot 3543, HSD 68386, Mukim of Kuala Lumpur	Leasehold	37.92	Future Development Land	-	-	Year 2090	83,258	1990
PT 296, GRN 29723, Bandar Kuala Lumpur	Freehold	3.022	Future Development Land	-	-	-	68,241	1992
H.S.(D) 2099, PT No. 2136/120, Mukim of Bentong, Pahang	Freehold	206	Future Development Land	-	-	-	55,252	1996
Geran 65885 Lot 291 & HS(D) 84588 PT 110, Seksyen 84 Bandar Kuala Lumpur, Wilayah Persekutuan and Mukim Batu, Kuala Lumpur	Freehold	3.358	Future Development Land	-	-	-	41,678	2017
Lot 203665, 27000, 27001 & 39079, 25167, 26999, 34588, 36453, 40080, 40993, 58545 & 57401, 99964, 252475-252690, Batu 7, Tambun, Mukim Ulu Kinta, Daerah Kinta, Perak	Leasehold	138.15	Future Development Land	-	-	Year 2096	41,452	1990
H.S.(D) 2097, PT No. 2134/118, Mukim of Bentong, Pahang	Freehold	102	Future Development Land	-	-	-	32,420	1997

FINANCIAL STATEMENTS

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management, financial, treasury and secretarial services. Information relating to the subsidiaries are disclosed in Note 13 to the financial statements.

RESULTS

	Group	Company
	RM'000	**RM'000**
Loss for the year	(74,391)	(46,792)
Attributable to:		
Owners of the parent	(74,379)	(46,792)
Non-controlling interests	(12)	-
	(74,391)	(46,792)

In the opinion of the directors, 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 other than the current year inventories written down amounting to RM130,312,000 as disclosed in Note 7 to the financial statements.

RESERVES AND PROVISIONS

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

DIRECTORS

The names of the directors of the Company in office during the financial year until the date of this report are:

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
Dato' Yeoh Seok Kian
Dato' Suleiman Bin Abdul Manan
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman
Dato' Chong Keap Thai @ Cheong Keap Tai
Dato' Yeoh Seok Hong
Dato' Sri Michael Yeoh Sock Siong
Dato' Mark Yeoh Seok Kah
Dato' Hamidah Binti Maktar
Eu Peng Meng @ Leslie Eu

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' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir
Dato' Yeoh Soo Keng
Dato' Yeoh Soo Min
Chung Siew Leng
Eoon Whai San
Mohamad Ziad Bin Mohamed Zainal Abidin
Yeoh Keong Shyan (Appointed on 15.11.2017)
Yeoh Pei Leeng
Yeoh Pei Nee
Yeoh Pei Teeng (Appointed on 1.7.2017)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under YTL Corporation Berhad Group Employees Share Options Scheme, the details of which are disclosed in the financial statements of YTL Corporation Berhad, the immediate holding company.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than benefits disclosed as directors' remuneration in Note 9 to the financial statements and in the financial statements of other related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except that certain directors received remuneration from the Company's related companies and as disclosed in Note 34 to the financial statements.

DIRECTORS' INTERESTS

The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act 2016, interests in shares of the Company and related corporations, as follows:

The Company

	Number of ordinary shares			
	As at 1.7.2017	**Acquired**	**Disposed**	**As at 30.6.2018**
Direct interests:				
Dato' Yeoh Seok Kian	61,538	-	-	**61,538**

DIRECTORS' INTERESTS (CONTINUED)

The Company (continued)

	Number of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2011/2021			
	As at 1.7.2017	Acquired	Converted/ Disposed	As at 30.6.2018
Direct interests:				
Dato' Yeoh Seok Kian	37,000	-	-	**37,000**

Immediate holding company
YTL Corporation Berhad

	Number of ordinary shares			
	As at 1.7.2017	Acquired	Disposed	As at 30.6.2018
Direct interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	9,660,023	-	**142,661,239**
Dato' Yeoh Seok Kian	55,481,889	1,109,637	-	**56,591,526**
Dato' Yeoh Seok Hong	44,535,079	7,890,701	-	**52,425,780**
Dato' Sri Michael Yeoh Sock Siong	53,652,534	1,073,050	-	**54,725,584**
Dato' Mark Yeoh Seok Kah	20,081,152	401,623	-	**20,482,775**
Dato' Hamidah Binti Maktar	755,333	15,106	-	**770,439**
Indirect interests:				
Dato' Yeoh Seok Kian	11,419,183 (1)	2,028,383	-	**13,447,566 (1)**
Dato' Yeoh Seok Hong	23,549,759 (1)	720,993	250,000	**24,020,752 (1)**
Dato' Sri Michael Yeoh Sock Siong	19,967,788 (1)	399,355	-	**20,367,143 (1)**
Dato' Mark Yeoh Seok Kah	4,005,597 (1)	80,111	-	**4,085,708 (1)**

DIRECTORS' INTERESTS (CONTINUED)

Immediate holding company
YTL Corporation Berhad (continued)

	Number of share options over ordinary shares			
	As at 1.7.2017	Granted	Exercised	As at 30.6.2018
Direct interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	10,000,000	-	**17,000,000**
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	-	-	**1,000,000**
Dato' Yeoh Seok Kian	5,000,000	10,000,000	-	**15,000,000**
Dato' Yeoh Seok Hong	5,000,000	10,000,000	-	**15,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	10,000,000	-	**15,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	10,000,000	-	**15,000,000**
Dato' Hamidah Binti Maktar	1,000,000	1,000,000	-	**2,000,000**
Eu Peng Meng @ Leslie Eu	1,000,000	-	-	**1,000,000**
Indirect interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000(1)	10,000,000	-	**12,000,000(1)**
Dato' Yeoh Seok Kian	-	6,000,000	-	**6,000,000(1)**
Dato' Yeoh Seok Hong	3,000,000(1)	9,000,000	-	**12,000,000(1)**

Ultimate holding company
Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.

	Number of ordinary shares			
	As at 1.7.2017	Acquired	Disposed	As at 30.6.2018
Direct interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	-	-	**5,000,000**
Dato' Yeoh Seok Kian	5,000,000	-	-	**5,000,000**
Dato' Yeoh Seok Hong	5,000,000	-	-	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	-	-	**5,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	-	-	**5,000,000**

DIRECTORS' INTERESTS (CONTINUED)

Related company
YTL Power International Berhad

	Number of ordinary shares			
	As at 1.7.2017	Acquired	Disposed	As at 30.6.2018
Direct interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	5,294,383	-	**20,013,596**
Dato' Yeoh Seok Kian	10,404,890	208,097	-	**10,612,987**
Dato' Yeoh Seok Hong	45,845,216	57,100,003	-	**102,945,219**
Dato' Sri Michael Yeoh Sock Siong	14,055,133	281,102	-	**14,336,235**
Dato' Mark Yeoh Seok Kah	9,387,959	187,759	-	**9,575,718**
Dato' Hamidah Binti Maktar	56,044	1,827,620	-	**1,883,664**
Indirect interests:				
Dato' Suleiman Bin Abdul Manan	1,291(1)	25	-	**1,316(1)**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	89,000(1)	1,780	-	**90,780(1)**
Dato' Yeoh Seok Kian	4,421,155(1)	4,988,423	-	**9,409,578(1)**
Dato' Yeoh Seok Hong	5,015,218(1)	102,302	2,000	**5,115,520(1)**
Dato' Sri Michael Yeoh Sock Siong	2,658,052(1)	53,161	-	**2,711,213(1)**
Dato' Mark Yeoh Seok Kah	1,415,320(1)	28,306	-	**1,443,626(1)**

	Number of share options over ordinary shares			
	As at 1.7.2017	Granted	Exercised	As at 30.6.2018
Direct interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	10,000,000	-	**17,000,000**
Dato' Yeoh Seok Kian	5,000,000	10,000,000	-	**15,000,000**
Dato' Yeoh Seok Hong	-	10,000,000	-	**10,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	10,000,000	-	**15,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	10,000,000	-	**15,000,000**
Indirect interests:				
Dato' Yeoh Seok Hong	500,000(1)	4,000,000	-	**4,500,000(1)**

Related corporation
YTL Corporation (UK) Plc*

	Number of ordinary shares of £0.25 each			
	As at 1.7.2017	Acquired	Disposed	As at 30.6.2018
Direct interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	**1**

* Incorporated in England and Wales.

Related company
Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.

	Number of ordinary shares			
	As at 1.7.2017	Acquired	Disposed	As at 30.6.2018
Direct interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

Related corporation
YTL Construction (Thailand) Limited[@]

	Number of ordinary shares of THB100 each			
	As at 1.7.2017	Acquired	Disposed	As at 30.6.2018
Direct interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Yeoh Seok Kian	1	–	–	**1**
Dato' Yeoh Seok Hong	1	–	–	**1**
Dato' Sri Michael Yeoh Sock Siong	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

Related corporation
Samui Hotel 2 Co., Ltd[@]

	Number of ordinary shares of THB10 each			
	As at 1.7.2017	Acquired	Disposed	As at 30.6.2018
Direct interests:				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

[@] Incorporated in Thailand.
(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act 2016.

Other than as disclosed above, the directors who held office at the end of the financial year did not have interests in share of the Company or its related corporations during the financial year.

SHARE CAPITAL

There were no new ordinary shares issued during the financial year.

TREASURY SHARES

As at 30 June 2018, the Company held as treasury shares a total of 15,175,500 of its 844,344,902 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM22,203,000 and further relevant details are disclosed in Note 32 to the financial statements.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 30 November 2010, the Company's shareholders approved the establishment of an employees share option scheme for employees and directors of the Company and its subsidiaries who meet the criteria of eligibility for participation. The ESOS was implemented on 1 April 2011. The details of the ESOS are disclosed in Note 31 to the financial statements.

As at the date of this report, no options have been granted under the ESOS.

OTHER STATUTORY INFORMATION

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

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

OTHER STATUTORY INFORMATION (CONTINUED)

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

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

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

ULTIMATE HOLDING COMPANY

The directors regard Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., a company incorporated in Malaysia, as the Company's ultimate holding company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 13 to the financial statements.

AUDITORS

The auditors, Ernst & Young, 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 dated 27 September 2018.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE

Dato' Yeoh Seok Kian

Statement by Directors

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE and Dato' Yeoh Seok Kian, being two of the directors of YTL Land & Development Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 78 to 155 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 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 dated 27 September 2018.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE

Dato' Yeoh Seok Kian

Statutory Declaration

I, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, being the director primarily responsible for the financial management of YTL Land & Development Berhad, do solemnly and sincerely declare that the financial statements set out on pages 78 to 155 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE at
Kuala Lumpur on 27 September 2018.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE

Before me,

Tan Seok Kett
Commissioner for Oaths

Independent Auditors' Report

to the members of YTL Land & Development Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of YTL Land & Development Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and statements of income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 155.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the 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 audit 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

KEY AUDIT MATTERS (CONTINUED)

1. NET REALISABLE VALUE OF COMPLETED PROPERTY DEVELOPMENT UNITS CLASSIFIED AS INVENTORIES

(Refer to Note 7 and 19 to the financial statements)

The challenging property market environment mired by the issues such as cooling measures undertaken by the authorities in Malaysia and Singapore have contributed to the slow sale of the Group's completed properties during the year. As at 30 June 2018, the cost of these inventories amounted to RM2,216,854,000 (before write down) which represents 78% and 60% of the Group's total current assets and total assets, respectively. The Group continues to monitor the realisable value of these inventories to ensure that these inventories are stated at the lower of cost and net realisable values (the estimated selling price less estimated costs necessary to make the sale).

The amount of inventories written down during the year is disclosed in Note 7 to the financial statements.

Estimating the selling price and costs necessary to make the sale for the properties often involve certain degree of subjectivity and accordingly, we consider this area to be an area of audit focus.

To address these areas of audit focus, we performed, amongst others, the following procedures:

(a) We have obtained an understanding of the internal controls performed by management in estimating the net realisable value of these inventories;

(b) We have evaluated management's assessment of the estimated selling price of these inventories by making reference to the recent transacted prices of comparable property within the vicinity;

(c) Where management has engaged external valuer to estimate the market value of these inventories:

   i. We have evaluated the objectivity, independence and expertise of the firm of independent valuer;

   ii. We have obtained an understanding of the methodology adopted by the independent valuer in estimating the market value of the inventories and assessed whether such methodology is consistent with those used in the industry;

   iii. We had discussions with the independent valuer to obtain an understanding of the related market data used as input to the valuation models; and

   iv. We have involved our internal specialist to assess the valuation methodology and key assumptions used by the independent valuer.

(d) We have evaluated the assumptions applied in estimating cost to sell taking into consideration actual cost incurred in sale of properties and management's marketing strategies.

2. REVENUE AND COST OF SALES FROM PROPERTY DEVELOPMENT ACTIVITIES

(Refer to Note 4 and 5 to the financial statements)

A significant proportion of the Group's revenues and profits are derived from property development activities which span more than one accounting period. For the financial year ended 30 June 2018, property development revenue of RM94,538,000 and cost of sales of RM32,636,000 accounted for approximately 29% and 42% of the Group's revenue and cost of sales, respectively. The Group uses the percentage of completion method in accounting for these property development activities.

KEY AUDIT MATTERS (CONTINUED)

2. REVENUE AND COST OF SALES FROM PROPERTY DEVELOPMENT ACTIVITIES (CONTINUED)

We identified revenue and cost of sales from property development activities as areas requiring audit focus as significant management's judgment and estimates are involved in estimating the total property development costs which include the common infrastructure costs (which is used to determine the percentage of completion and gross profit margin of the property development activities undertaken by the Group).

In assessing the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

(a) Obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the property development costs, profit margin and percentage of completion of property development activities;

(b) Evaluated the assumptions applied in estimating the total property development costs including the provisions and allocations of common infrastructure costs (such as low cost houses) for each property development phase by examining documentary evidence such as letters of award issued to contractors to support the total budgeted costs and evaluated the determination of percentage of completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices;

(c) Evaluated the assumptions applied in estimating the total gross development value for active and significant property development phase by comparing to selling price per gross floor area of recent transacted sales of the property and perused the terms and conditions stipulated in the sales and purchase agreements entered into with the customers;

(d) Observed the progress of the property development phases by performing site visits and discussed the status of on-going property development phases with management;

(e) Evaluated the historical accuracy of management's estimates, identification and analysis of changes in assumptions from prior periods, and assess the consistency of assumptions across other projects; and

(f) Assessed the mathematical accuracy of the revenue and profit recognised based on the percentage of completion calculations and considered the implications of changes in estimates.

3. IMPAIRMENT OF GOODWILL AND INVESTMENT IN SUBSIDIARIES

(Refer to Note 13 and Note 17 to the financial statements)

As at 30 June 2018, the carrying amount of goodwill recognised by the Group amounted to RM5,432,000. This goodwill relates to the business of subsidiaries principally engaged in property development activities. The Group is required to perform annual impairment assessment of the cash generating units (CGUs) or groups of CGUs to which this goodwill has been allocated to. The Group estimated the recoverable amount of its CGUs or groups of CGUs to which the goodwill is allocated to and carrying amount of investment in subsidiaries based on higher of value-in-use (VIU) or fair value less cost to sell.

As at 30 June 2018, the carrying amount of the Company's investment in subsidiaries was RM1,308,876,000 (before impairment). The amount of impairment of investment in subsidiaries is disclosed in Note 7 to the financial statements.

Due to the complexity and subjectivity involved in the impairment assessment of CGU or groups of CGU and investment in subsidiaries, we consider this impairment test to be an area of audit focus.

KEY AUDIT MATTERS (CONTINUED)

3. IMPAIRMENT OF GOODWILL AND INVESTMENT IN SUBSIDIARIES (CONTINUED)

Our audit procedures for testing the recoverable amounts of CGUs that are valued based on VIU include the following:

(a) We have obtained an understanding of the relevant internal controls over estimating the VIU of the CGU or groups of CGU;

(b) Evaluated the assumptions applied in the determination of estimated selling price of future development projects in light of supporting evidence such as transactions from Malaysia's National Property Information Centre and/or external market outlook report;

(c) Evaluated the assumptions applied in estimating the expected take up rate for each development phase by comparing to the actual take up rate of similar completed development phases in previous years and considered the prospective market and economic condition based on specific geographical location;

(d) Considered the historical accuracy of management's estimates of profits (and the resulting cash flow) for similar completed property development activities in previous years;

(e) Evaluated management's analysis of the sensitivity of the carrying value of goodwill to changes in the key assumptions; and

(f) Evaluated the discount rate used in determining the VIU.

Our audit procedures for testing recoverable amounts of CGUs that are valued based on fair value less cost to sell approach include the following:

(a) We have obtained an understanding of the relevant internal controls over estimating the fair value of the CGU or groups of CGU;

(b) Where management has engaged external valuer to estimate at the fair value:

  i. We have evaluated the objectivity, independence and expertise of the firm of independent valuer;

  ii. We have obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the properties and assessed whether such methodology is consistent with those used in the industry;

  iii. We had discussions with the independent valuer to obtain an understanding of the related market data used as input to the valuation models; and

  iv. We have evaluated the assumptions applied in estimating cost to sell taking into consideration actual cost incurred in sale of properties and marketing strategies.

(c) Where management has benchmarked the carrying values of properties against recent transacted prices of properties at nearby locations to estimate the fair value:

  i. We have evaluated management estimates of the fair values of properties by making reference to comparable property transactions registered with the local authorities; and

  ii. We have evaluated the assumptions applied in estimating cost to sell taking into consideration actual cost incurred in sale of properties historically and management's 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

i. 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.

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

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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: (continued)

iv. 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.

v. 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.

vi. 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

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.

Ernst & Young
AF: 0039
Chartered Accountants

H'ng Boon Keng
03112/08/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
27 September 2018

Income Statements

for the financial year ended 30 June 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	4	**328,915**	367,916	**146,493**	600
Cost of sales	5	**(78,309)**	(264,227)	**-**	-
Gross profit		**250,606**	103,689	**146,493**	600
Other income		**15,995**	46,140	**10,672**	24,119
Selling and distribution expenses		**(8,598)**	(10,521)	**-**	-
Administrative expenses		**(42,977)**	(48,595)	**(7,471)**	(8,177)
Other operating expenses		**(156,708)**	(42,596)	**(159,691)**	(177,768)
Operating profit/(loss)		**58,318**	48,117	**(9,997)**	(161,226)
Finance costs	6	**(82,346)**	(23,349)	**(35,043)**	(27,103)
Share of results of a joint venture		**3,804**	7,990	**-**	-
(Loss)/profit before tax	7	**(20,224)**	32,758	**(45,040)**	(188,329)
Income tax expense		**(54,167)**	(23,302)	**(1,752)**	(508)
(Loss)/profit for the year		**(74,391)**	9,456	**(46,792)**	(188,837)
Attributable to:					
Owners of the parent		**(74,379)**	5,144	**(46,792)**	(188,837)
Non-controlling interests		**(12)**	4,312	**-**	-
		(74,391)	9,456	**(46,792)**	(188,837)
(Loss)/earnings per share					
Basic/diluted (sen)	11	**(5.04)**	1.01		

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

Statements of Comprehensive Income

for the financial year ended 30 June 2018

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
(Loss)/profit for the year	**(74,391)**	9,456	**(46,792)**	(188,837)
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation, representing total other comprehensive (loss)/income for the year, net of tax	**(7,367)**	9,031	**-**	-
Total comprehensive (loss)/income for the year, net of tax	**(81,758)**	18,487	**(46,792)**	(188,837)
Attributable to:				
Owner of the parent	**(81,746)**	14,175	**(46,792)**	(188,837)
Non-controlling interests	**(12)**	4,312	**-**	-
	(81,758)	18,487	**(46,792)**	(188,837)

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

Statements of Financial Position

as at 30 June 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	**35,559**	36,597	**5,668**	5,750
Investment in subsidiaries	13	**-**	–	**873,475**	1,002,769
Investment in a joint venture	14	**49,052**	48,636	**22,900**	22,900
Investment properties	15	**49,300**	48,100	**-**	–
Land held for property development	16	**704,474**	704,843	**37,437**	37,437
Goodwill on consolidation	17	**5,432**	5,432	**-**	–
Deferred tax assets	18	**10,060**	9,232	**-**	–
Trade and other receivables	21	**7,222**	7,296	**-**	–
		861,099	860,136	**939,480**	1,068,856
Current assets					
Inventories	19	**2,086,542**	49,929	**-**	–
Property development costs	20	**377,064**	2,492,479	**-**	–
Trade and other receivables	21	**71,637**	21,143	**21**	40
Other current assets	22	**2,319**	144,919	**-**	–
Income tax assets		**5,447**	2,625	**60**	679
Amounts due from related parties	23	**6,341**	18,051	**213,627**	254,384
Cash and bank balances	24	**176,151**	43,527	**3,152**	7,907
		2,725,501	2,772,673	**216,860**	263,010
Total assets		**3,586,600**	3,632,809	**1,156,340**	1,331,866
Equity and liabilities					
Current liabilities					
Trade and other payables	25	**30,768**	33,976	**1,585**	14,970
Other current liabilities	26	**72,881**	83,452	**-**	–
Provisions	30	**45,086**	42,782	**-**	–
Amounts due to related parties	23	**302,678**	324,030	**16,112**	107,738
Borrowings	27	**63,666**	224,932	**63,576**	224,602
Current tax payable		**7,230**	2,227	**-**	–
		522,309	711,399	**81,273**	347,310
Net current assets/(liabilities)		**2,203,192**	2,061,274	**135,587**	(84,300)

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

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current liabilities					
Borrowings	27	**2,221,403**	1,991,814	**401,427**	264,124
Provisions	30	**7,077**	7,077	**-**	-
Deferred tax liabilities	18	**37,112**	42,062	**-**	-
		2,265,592	2,040,953	**401,427**	264,124
Total liabilities		**2,787,901**	2,752,352	**482,700**	611,434
Net assets		**798,699**	880,457	**673,640**	720,432
Equity attributable to owners of the parent					
Share capital	31	**599,643**	599,643	**599,643**	599,643
Treasury shares	32	**(22,203)**	(22,203)	**(22,203)**	(22,203)
Accumulated losses		**(200,665)**	(126,286)	**(258,769)**	(211,977)
Foreign currency translation reserve	33	**43,633**	51,000	**-**	-
Equity component of ICULS	29	**354,969**	354,969	**354,969**	354,969
		775,377	857,123	**673,640**	720,432
Non-controlling interest	13	**23,322**	23,334	**-**	-
Total equity		**798,699**	880,457	**673,640**	720,432

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

Consolidated Statements of Changes in Equity

for the financial year ended 30 June 2018

	Attributable to owners of the parent							
	Non-distributable				Distributable			
	Share capital	Accumulated losses	Foreign currency translation reserve	Equity component of ICULS	Treasury shares	Total	Non-controlling interest	Total equity
	RM'000 (Note 31)	RM'000	RM'000 (Note 33)	RM'000 (Note 29)	RM'000 (Note 32)	RM'000	RM'000 (Note 13)	RM'000
At 1 July 2017	**599,643**	**(126,286)**	**51,000**	**354,969**	**(22,203)**	**857,123**	**23,334**	**880,457**
Loss for the year	**-**	**(74,379)**	**-**	**-**	**-**	**(74,379)**	**(12)**	**(74,391)**
Other comprehensive loss for the year, representing total comprehensive loss for the year	**-**	**-**	**(7,367)**	**-**	**-**	**(7,367)**	**-**	**(7,367)**
At 30 June 2018	**599,643**	**(200,665)**	**43,633**	**354,969**	**(22,203)**	**775,377**	**23,322**	**798,699**

	Attributable to owners of the parent								
	Non-distributable					Distributable			
	Share capital	Share premium	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Equity component of ICULS	Treasury share	Total	Non-controlling interest	Total equity
	RM'000 (Note 31)	RM'000	RM'000	RM'000 (Note 33)	RM'000 (Note 29)	RM'000 (Note 32)	RM'000	RM'000 (Note 13)	RM'000
At 1 July 2016	422,172	177,471	68,869	41,969	354,969	(22,203)	1,043,247	71,147	1,114,394
Profit for the year	-	-	5,144	-	-	-	5,144	4,312	9,456
Other comprehensive income for the year	-	-	-	9,031	-	-	9,031	-	9,031
Total comprehensive income for the year	-	-	5,144	9,031	-	-	14,175	4,312	18,487
Transactions with owners									
Acquisition of non-controlling interest in a subsidiary (Note 13)	-	-	(200,299)	-	-	-	(200,299)	(52,125)	(252,424)
Transition to no par value regime	177,471	(177,471)	-	-	-	-	-	-	-
At 30 June 2017	599,643	-	(126,286)	51,000	354,969	(22,203)	857,123	23,334	880,457

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

Company Statements of Changes in Equity

for the financial year ended 30 June 2018

	Attributable to owners of parent					
	Non-distributable				Distributable	
	Share capital	Share premium	Accumulated losses	Equity component of ICULS	Treasury shares	Total
	RM'000 (Note 31)	RM'000	RM'000	RM'000 (Note 29)	RM'000 (Note 32)	RM'000
At 1 July 2016	422,172	177,471	(23,140)	354,969	(22,203)	909,269
Total comprehensive loss for the year	-	-	(188,837)	-	-	(188,837)
Transition to no par value regime	177,471	(177,471)	-	-	-	-
At 30 June 2017	**599,643**	**-**	**(211,977)**	**354,969**	**(22,203)**	**720,432**
Total comprehensive loss for the year	**-**	**-**	**(46,792)**	**-**	**-**	**(46,792)**
At 30 June 2018	**599,643**	**-**	**(258,769)**	**354,969**	**(22,203)**	**673,640**

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

Statements of Cash Flows

for the financial year ended 30 June 2018

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Operating activities				
(Loss)/profit before tax	**(20,224)**	32,758	**(45,040)**	(188,329)
Adjustments for:				
Depreciation of property, plant and equipment	**1,063**	1,041	**82**	84
Property, plant and equipment written off	**-**	11	**-**	-
Interest expense	**82,346**	23,349	**35,043**	27,103
Interest income	**(4,728)**	(1,929)	**(9,372)**	(14,186)
Accretion of interest on trade and other receivables	**(431)**	(478)	**-**	-
Gain from fair value adjustment of investment properties	**(1,200)**	-	**-**	-
Reversal of provision	**(108)**	(1,844)	**-**	-
Inventories written down	**130,312**	-	**-**	-
Unrealised loss/(gain) on foreign exchange	**15,460**	(9,956)	**8,848**	(9,933)
Impairment loss on				
- goodwill	**-**	27,035	**-**	-
- land held for property development	**6,248**	382	**-**	-
- property development cost	**-**	12,872	**-**	-
- trade receivables	**61**	150	**-**	-
- other receivables	**173**	224	**-**	84
- amounts due from subsidiaries	**-**	-	**5**	127,337
- investment in subsidiaries	**-**	-	**150,754**	49,382
- investment in a joint venture	**3,388**	-	**-**	-
Reversal of impairment loss on trade receivables	**(11)**	-	**-**	-
Reversal of impairment loss on amount due from a subsidiary	**-**	-	**(1,300)**	-
Share of results of a joint venture	**(3,804)**	(7,990)	**-**	-
Total adjustments	**228,769**	42,867	**184,060**	179,871
Operating cash flows before working capital changes	**208,545**	75,625	**139,020**	(8,458)

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Changes in working capital:				
Property development costs	**(150,183)**	(92,057)	**-**	-
Inventories	**(1,235)**	8,295	**-**	-
Receivables	**(50,220)**	14,185	**19**	148
Other current assets	**142,519**	(84,133)	**-**	-
Payables	**(18,459)**	(46,399)	**(13,385)**	12,872
Other current liabilities	**7,757**	13,725	**-**	-
Related parties balances	**(6,117)**	120,390	**(68,491)**	44,158
Total changes in working capital	**(75,938)**	(65,994)	**(81,857)**	57,178
Cash flows from operations	**132,607**	9,631	**57,163**	48,720
Income tax paid	**(57,644)**	(26,260)	**(1,132)**	(900)
Net cash flows from/(used in) operating activities	**74,963**	(16,629)	**56,031**	47,820
Investing activities				
Interest received	**4,728**	1,929	**1,894**	8,553
Increase in land held for property development	**(6,416)**	(4,823)	**-**	-
Acquisitions of non-controlling interest (Note 13)	**-**	(190,000)	**-**	(190,000)
Purchase of property, plant and equipment	**(26)**	(46)	**-**	(7)
Net cash flows (used in)/from investing activities	**(1,714)**	(192,940)	**1,894**	(181,454)
Financing activities				
Net proceeds from/(repayment to) borrowings	**162,799**	297,377	**(9,557)**	174,227
Net repayments of hire purchase payables	**(418)**	(568)	**(88)**	(113)
Interest paid	**(102,958)**	(83,700)	**(53,035)**	(41,893)
(Placement)/withdrawal of debt service reserve account fund placed with licensed banks not available for use	**(4,107)**	4,616	**(2,550)**	-
Net cash flows from/(used in) financing activities	**55,316**	217,725	**(65,230)**	132,221

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

Statements of Cash Flows

for the financial year ended 30 June 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net increase/(decrease) in cash and cash equivalents	**128,565**	8,156	**(7,305)**	(1,413)
Effect of exchange rate changes on cash and cash equivalents	**(48)**	220	**-**	-
Cash and cash equivalents at beginning of year	**42,027**	33,651	**7,907**	9,320
Cash and cash equivalents at end of year	**170,544**	42,027	**602**	7,907
Cash and cash equivalents comprise:				
Deposits with licensed banks (Note 24)	**155,326**	25,206	**389**	7,676
Cash and bank balances (Note 24)	**20,825**	18,321	**2,763**	231
	176,151	43,527	**3,152**	7,907
Less : Cash and bank balances not available for use (Note 24)	**(5,607)**	(1,500)	**(2,550)**	-
	170,544	42,027	**602**	7,907
Note to statements of cash flows				
Analysis of purchase of property, plant and equipment:				
- Cash paid	**26**	46	**-**	7
Total purchase of property, plant and equipment (Note 12)	**26**	46	**-**	7

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

	Note	Group 2018 RM'000	Company 2018 RM'000
Reconciliation of liabilities arising from financing activities			
Borrowing			
At beginning of the financial year	27	**2,216,746**	488,726
Cash inflows/(outflows)			
Interest paid		**(102,958)**	(53,035)
Drawdown		**182,424**	-
Repayment		**(20,043)**	(9,645)
Non-cash changes			
Finance costs recognised in income statement	6	**82,346**	35,043
Interest expense capitalised in property development costs	6	**10,344**	-
Amount due to subsidiaries on prior year interest expense		**-**	3,914
Foreign exchange movement		**(83,790)**	-
At end of the financial year	27	**2,285,069**	465,003

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

Notes to the Financial Statements
30 June 2018

1. CORPORATE INFORMATION

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

The address of the registered office of the Company is as follows:-
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

The address of the principal place of the business of the Company is as follows:-
10th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

The principal activities of the Company are investment holding and the provision of management, financial, treasury and secretarial services. The principal activities of the subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 September 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The financial statements have been prepared on the historical cost basis, unless otherwise disclosed in the accounting policies section.

The financial statements are presented in Ringgit Malaysia ("RM"), and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2017, the Group and the Company adopted the following new and amendments to FRSs mandatory for annual financial year beginning on or after 1 July 2017.

Amendments to FRS 12 (Annual Improvements to FRS Standards 2014-2016 Cycle)

Amendments to FRS 107: Disclosure initiative

Amendments to FRS 112: Recognition of deferred tax assets for unrealised losses

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Changes in accounting policies (continued)

Adoption of the above new and amendments to FRSs did not have any effect on the financial position and policy of the Group and of the Company except for the following:

Amendments to FRS 107: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On the initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in statements of cash flows, the application of these amendments has had no impact on the Group and on the Company.

(c) Malaysian Financial Reporting Standards ("MFRS") Framework

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

The MFRS Framework has been 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 ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. The adoption will be mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group and the Company falls within the scope of Transitioning Entities and has opted to defer adoption of the new 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 30 June 2019.

In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The financial statements of Group and of the Company for the financial years ended 30 June 2017 and 2018 are expected to be different if prepared under the MFRS Framework.

The Group and the Company have performed preliminary assessment of the financial effects on the differences between accounting standards under FRS and MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 30 June 2018 will be difference if prepared under MFRS Framework.

The Group and the Company consider that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2019.

The Group and the Company will apply MFRS 1 First-time Adoption of MFRS for its first MFRS financial statements. The Group and the Company are in the midst of finalising the selection and application of exemptions available under MFRS 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Malaysian Financial Reporting Standards ("MFRS") Framework (continued)

In addition to the above, the adoption of the following new MFRSs are envisaged to have different accounting treatments from those accounting treatments under FRS:

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in FRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

The Group has established a structured implementation program which includes undertaking impact assessment, guideline, training program as well as engaging with relevant experts to ensure readiness and smooth implementation of MFRS 9.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The key effect of the adoption of this standard on the Group and the Company would principally be in respect of the assessment of impairment losses of outstanding external and internal debts based on an "expected credit loss" model. This may have the effect of accelerating the recognition of impairment losses in respect of these debts if any.

The Group and the Company are in the process of quantifying the financial effects of the differences between the accounting standards under FRS and MFRS Framework.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue recognition is based on "when control is transferred"

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the items of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance does not create an asset with an alternative use to the Group and the Company and the Group and the Company have an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer in substance obtains control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Malaysian Financial Reporting Standards ("MFRS") Framework (continued)

Revenue recognition is based on "when control is transferred" (continued)

The Group and the Company recognise revenue over time using the input method, which is based on the level of completion in proportion of cost incurred to date against the expected total construction costs.

The Group and the Company plan to adopt the standard on the required effective date using the full retrospective method. The affected areas that have been identified due to the application of the standard are as follows:

(i) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Currently, the Group and the Company account for the bundled sales as one deliverable and recognise revenue over time. Under MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(ii) Cost incurred in fulfilling a contract

Under the current standards, the Group and the Company expensed off sales commissions and legal fees of sales and purchase agreement ("SPA") as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions and legal fees of SPA relate directly to contracts and are expected to be recovered through future fees for the services to be provided. Accordingly, under MFRS 15, these costs will be eligible for capitalisation and recognised as property development costs and contract sales respectively.

(iii) Recognition of provision for foreseeable losses for low cost housing

Under the current standards, the Group and the Company recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above is in accordance to FRSIC Consensus 17 : Development of Affordable Housing ("FRSIC 17") issued by Malaysia Institute of Accountants ("MIA").

MFRS 15 requires the accounting to be done on a contract basis. Pursuant to the clarification on the use to FRSIC 17 on 7 March 2018, it stated that FRSIC 17 is no longer relevant upon the adoption of MFRS Framework. Hence, the Group's and the Company's provision for foreseeable losses and the corresponding property development assets will be significantly reduced. The Group and the Company is required to reassess the recognition of foreseeable losses on the development of low cost housing in accordance to MFRS 15 requirement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Malaysian Financial Reporting Standards ("MFRS") Framework (continued)

Revenue recognition is based on "when control is transferred" (continued)

(iv) Presentation and disclosure requirements

The notes to the financial statements will be expanded to include additional disclosure on significant judgements and accounting estimates made. This amongst others, determining the transaction prices of those contracts that include variable consideration, transaction price allocation to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. MFRS 15 also requires revenue recognised to be disaggregated into catergories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

The Group and the Company are in the process of quantifying the financial effects of the differences between the accounting standards under FRS and MFRS Framework.

(d) Basis of consolidation

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

The Group controls an investee if and only if the Group has all the following:

- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisition of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2(f).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Transactions with non-controlling interest

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(f) 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 off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

(g) Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture.

Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equal or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(i) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. 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 revenue expenditure relating to the property, plant and equipment are charged to the profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment and depreciation (continued)

Freehold land and Sentul Park are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	1%
Furniture, fixtures and fittings	10%
Office equipment	10% – 20%
Renovation	10%
Motor vehicles	12.5%
Other equipment	10%
Infrastructure works	2%

The residual values, useful life and depreciation method 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 and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(j) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers and/or management. In the absence of current prices in an active market, alternative methods such as recent prices on a less active market or discounted cash flow projections are used.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(k) Land held for property development and property development costs

(i) Land held for property development

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Land held for property development and property development costs (continued)

(i) Land held for property development (continued)

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.

(ii) Property development costs

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

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

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

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

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

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

(l) Inventories of completed properties for resale

Inventories of completed properties for resale are stated at the lower of cost and net realisable value.

The cost of unsold properties comprises costs associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

(m) 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 instrument.

When 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial assets (continued)

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

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. 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.

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 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, the date that the Group and the Company commit to purchase or sell the asset.

(n) Impairment of financial assets

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

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, receivables 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.

If 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of financial assets (continued)

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

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 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.

(o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an such indication that an asset may be impaired. If any indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits with licensed banks which are short term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents presented is net of debt service reserve accounts pledged to secure banking facilities.

(q) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements 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.

The Group and the Company determine the classification of their financial liabilities at initial recognition as other financial liabilities. The Group and the Company do not have any financial liabilities at fair value through profit or loss.

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the lease asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group and the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(s) Provisions

Provisions are recognised when the Group or the Company has a present obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The recording of provisions requires the application of judgements about the ultimate resolution of the obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's or the Company's current best estimate.

(t) Irredeemable convertible unsecured loan stocks ("ICULS")

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or cancellation, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity components based on their carrying amounts at the date of issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Irredeemable convertible unsecured loan stocks ("ICULS") (continued)

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying amount of the ICULS.

The value of the conversion option is not adjusted in subsequent periods, except in times of ICULS conversion into ordinary shares. Upon conversion of the instrument into ordinary shares, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised in profit or loss.

(u) Share capital

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

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(v) Treasury 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 equity holders, the cost of the treasury shares is applied as reduction of the share premium account or the distributable retained earnings or both.

(w) 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.

Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

(x) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Employee benefits

(i) Short term benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. 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) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund in Malaysia.

(iii) Share-based compensation

The YTL Corporation Berhad Group Employees Share Options Scheme, an equity-settled, share-based compensation plan, allows the Group's Executive Directors and employees to acquire ordinary shares of the immediate holding company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in amount due to immediate holding company over the vesting period and taking into account the probability that the options will vest.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss over the remaining vesting period.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

(z) Foreign currency

(i) Functional and presentation currency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Foreign currency (continued)

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Property development

(a) Sale of development properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2(k)(ii).

(b) Sale of completed development properties

Sale of completed development properties are recognised only when it is probable that the economic benefits associated with the transactions will flow to the Group and upon the transfer of significant risk and rewards of ownership.

(ii) Management fees

Management fees are recognised when services are rendered.

(iii) Dividend income

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

(ab) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(ac) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) Income taxes (continued)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ad) Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(ae) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(af) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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 impairment assessment of the property development costs and land held for development. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. Details of land held for development and property development costs are disclosed in Note 16 and Note 20 respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(a) Key sources of estimation uncertainty (continued)

(ii) Impairment of goodwill and investment in subsidiaries

(a) Goodwill

Goodwill represents the excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the higher of value in use and fair value less cost to sell of the cash-generating units to which goodwill is allocated.

(b) Investment in subsidiaries

The Company reviews its investment in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

When fair value less cost to sell calculations are undertaken, management estimate the expected selling price of the asset or cash-generating unit less its estimated cost to sell. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 17.

(iii) Net realisable value of inventories

Inventories are stated at the lower of cost or net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories are reviewed on a regular basis and the Group will make an allowance for impairment based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional allowances for slow moving inventories may be required.

4. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sale of development properties	**94,538**	358,131	**-**	-
Sale of completed properties	**2,312**	8,211	**-**	-
Sale of land held for property development	**230,385**	-	**-**	-
Management fees	**1,680**	1,574	**600**	600
Dividend income	**-**	-	**145,893**	-
	328,915	367,916	**146,493**	600

5. COST OF SALES

		Group	
	Note	2018 RM'000	2017 RM'000
Property development costs	20	**32,636**	257,582
Cost of completed properties sold	19	**2,034**	6,645
Cost of land held for property development sold	16	**43,639**	-
		78,309	264,227

6. FINANCE COSTS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:					
- hire purchase		**14**	37	**2**	7
- ICULS	29	**7,302**	8,341	**7,302**	8,341
- term loans		**68,764**	48,001	**10,433**	5,012
- revolving credit		**10,187**	9,196	**10,187**	9,196
- amount due to a subsidiary		**-**	-	**5,289**	3,970
Incidental cost incurred to administer the loan facility:					
- amortisation of transaction cost		**4,745**	4,074	**936**	577
- facility fee		**1,678**	77	**894**	-
		92,690	69,726	**35,043**	27,103
Less: Interest expense capitalised in qualifying assets					
- property development costs	20	**(10,344)**	(46,377)	**-**	-
		82,346	23,349	**35,043**	27,103

7. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included at arriving at (loss)/profit before tax:

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration					
- current year		**342**	320	**121**	104
- under/(over) provision in prior year		**23**	(26)	**17**	4
- other service		**10**	10	**10**	10
Contribution of inventories to Joint Management Body	19	**-**	1,649	**-**	-
Depreciation of property, plant and equipment	12	**1,063**	1,041	**82**	84
Property, plant and equipment written off	12	**-**	11	**-**	-
Interest income		**(4,728)**	(1,929)	**(9,372)**	(14,186)
Accretion of interest on trade and other receivables		**(431)**	(478)	**-**	-
Gain from fair value adjustment of investment properties	15	**(1,200)**	-	**-**	-
Reversal of provision	30	**(108)**	(1,844)	**-**	-
Loss/(gain) on foreign exchange					
- realised		**3**	881	**2**	881
- unrealised		**15,460**	(9,956)	**8,848**	(9,933)
Reversal of impairment loss on trade receivable	21	**(11)**	-	**-**	-
Reversal of impairment loss on amount due from a subsidiary		**-**	-	**(1,300)**	-
Inventories written down	19	**130,312**	-	**-**	-
Employee benefits expense	8	**15,141**	15,539	**533**	543
Directors' remuneration (excluding benefits-in-kind):					
- Executive directors	9	**5,350**	5,776	**1,277**	1,323
- Non-executive directors	9	**851**	898	**851**	896

7. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

The following amounts have been included at arriving at (loss)/profit before tax (continued):

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Impairment loss on:					
- goodwill	17	**-**	27,035	**-**	-
- land held for property development	16	**6,248**	382	**-**	-
- property development cost	20	**-**	12,872	**-**	-
- trade receivables	21	**61**	150	**-**	-
- other receivables	21	**173**	224	**-**	84
- amounts due from subsidiaries	23	**-**	-	**5**	127,337
- investment in subsidiaries	13	**-**	-	**150,754**	49,382
- investment in a joint venture	14	**3,388**	-	**-**	-
Rental expenses of:					
- buildings		**2,664**	3,450	**1,056**	1,063
- equipments		**18**	18	**11**	11
Rental income from:					
- investment properties		**(2,736)**	(2,903)	**-**	-
- others		**(1,658)**	(496)	**-**	-
Sales of car parking bays		**(456)**	(6,740)	**-**	-
Direct operating expense arising from investment properties:					
- rental generating properties		**476**	556	**-**	-

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages and salaries	**12,292**	12,817	**477**	495
Social security costs	**73**	67	**3**	4
Pension cost - defined contribution plans	**1,280**	1,351	**30**	34
Share option expenses	**121**	-	**5**	-
Other staff related expenses	**1,375**	1,304	**18**	10
	15,141	15,539	**533**	543

The above employee benefits expense of the Group and the Company do not include directors' remuneration which is separately disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Executive directors:				
Salaries and other emoluments	**5,031**	5,476	**977**	1,023
Fees	**300**	300	**300**	300
Share option expenses	**19**	-	**-**	-
Benefits-in-kind	**127**	133	**13**	5
	5,477	5,909	**1,290**	1,328
Non-executive directors:				
Salaries and other emoluments	**591**	638	**591**	636
Fees	**260**	260	**260**	260
Benefits-in-kind	**243**	245	**243**	245
	1,094	1,143	**1,094**	1,141
	6,571	7,052	**2,384**	2,469

9. DIRECTORS' REMUNERATION (CONTINUED)

Group 2018	Salaries	Fees	Bonus	Defined contribution plan	Share-based payments	Estimated money value of benefits in kind	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors:								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	-	50	-	-	-	-	-	50
Dato' Yeoh Seok Kian	1,716	50	1,287	361	-	40	2	3,456
Dato' Yeoh Seok Hong	-	50	-	-	-	-	-	50
Dato' Sri Michael Yeoh Sock Siong	-	50	-	-	-	-	-	50
Dato' Mark Yeoh Seok Kah	-	50	-	-	-	-	-	50
Dato' Hamidah Binti Maktar	1,070	50	500	94	19	87	1	1,821
	2,786	300	1,787	455	19	127	3	5,477
Non-Executive Directors:								
Dato' Suleiman Bin Abdul Manan	456	50	100	-	-	243	1	850
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman	-	70	-	-	-	-	13	83
Dato' Chong Keap Thai @ Cheong Keap Tai	-	70	-	-	-	-	13	83
Eu Peng Meng @ Leslie Eu	-	70	-	-	-	-	8	78
	456	260	100	-	-	243	35	1,094
	3,242	560	1,887	455	19	370	38	6,571
Company								
Executive Directors:								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	-	50	-	-	-	-	-	50
Dato' Yeoh Seok Kian	498	50	374	105	-	-	-	1,027
Dato' Yeoh Seok Hong	-	50	-	-	-	-	-	50
Dato' Sri Michael Yeoh Sock Siong	-	50	-	-	-	-	-	50
Dato' Mark Yeoh Seok Kah	-	50	-	-	-	-	-	50
Dato' Hamidah Binti Maktar	-	50	-	-	-	13	-	63
	498	300	374	105	-	13	-	1,290
Non-Executive Directors:								
Dato' Suleiman Bin Abdul Manan	456	50	100	-	-	243	1	850
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman	-	70	-	-	-	-	13	83
Dato' Chong Keap Thai @ Cheong Keap Tai	-	70	-	-	-	-	13	83
Eu Peng Meng @ Leslie Eu	-	70	-	-	-	-	8	78
	456	260	100	-	-	243	35	1,094
	954	560	474	105	-	256	35	2,384

10. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current income tax:				
Malaysian income tax	**60,768**	27,149	**803**	411
Foreign tax	**(75)**	–	**-**	–
(Over)/under provision in prior years	**(869)**	2,394	**949**	97
	59,824	29,543	**1,752**	508
Deferred taxation (Note 18):				
Relating to origination and reversal of temporary differences	**(5,709)**	(6,207)	**-**	–
Under/(over) provision in prior years	**52**	(34)	**-**	–
	(5,657)	(6,241)	**-**	–
Income tax expense recognised in profit or loss	**54,167**	23,302	**1,752**	508

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

The corporate tax rate applicable to the Singapore subsidiaries of the Group is 17% (2017: 17%).

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
(Loss)/profit before tax	**(20,224)**	32,758	**(45,040)**	(188,329)
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	**(4,854)**	7,862	**(10,809)**	(45,199)
Effect of expenses not deductible for tax purposes	**12,508**	14,516	**45,881**	48,914
(Over)/under provision of income tax expenses in prior years	**(869)**	2,394	**949**	97
Different tax rates of foreign subsidiaries	**14,138**	1,747	**-**	–
Deferred tax assets not recognised during the year	**33,797**	1,756	**210**	(283)
Income not subject to taxation	**(377)**	(4,302)	**(34,479)**	(2,384)
Under/(over) provision of deferred tax in prior years	**52**	(34)	**-**	–
Deferred tax recognised at different tax rate	**(228)**	(637)	**-**	(637)
Income tax expense recognised in profit or loss	**54,167**	23,302	**1,752**	508

11. (LOSS)/EARNINGS PER SHARE

Basic/diluted EPS

The (loss)/earnings per share of the Group has been computed based on the (loss)/profit attributable to owners of the parent (after adjusting for interest expense on ICULS) divided by the adjusted weighted average number of ordinary shares, assuming the full conversion of ICULS in issue during the year into ordinary shares.

	Group	
	2018	**2017**
(Loss)/profit attributable to owners of the parent (RM'000)	**(74,379)**	5,144
Post-tax effect of interest expense on ICULS (RM'000)	**7,302**	8,341
(Loss)/profit attributable to owners of the parent including assumed conversion (RM'000)	**(67,077)**	13,485
Weighted average number of ordinary shares in issue ('000)	**829,170**	829,170
Assume full conversion of ICULS ('000)	**500,902**	500,902
Adjusted weighted average number of ordinary shares in issue ('000)	**1,330,072**	1,330,072
Basic/diluted (loss)/earnings per share (sen)	**(5.04)**	1.01

12. PROPERTY, PLANT AND EQUIPMENT

Group As at 30 June 2018	Note	Freehold land and Sentul Park RM'000	Leasehold land RM'000	Building RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Infra-structure works RM'000	Total RM'000
Cost										
At 1 July 2017		25,286	142	2,823	1,730	2,522	4,899	6,171	4,258	47,831
Additions		-	-	-	-	26	-	-	-	26
Exchange differences		-	-	-	-	(2)	-	-	-	(2)
At 30 June 2018		25,286	142	2,823	1,730	2,546	4,899	6,171	4,258	47,855
Accumulated depreciation										
At 1 July 2017		-	101	528	1,397	1,932	2,827	3,512	937	11,234
Charge for the year	7	-	4	27	52	107	328	460	85	1,063
Exchange differences		-	-	-	-	(1)	-	-	-	(1)
At 30 June 2018		-	105	555	1,449	2,038	3,155	3,972	1,022	12,296
Net carrying amount										
At 30 June 2018		25,286	37	2,268	281	508	1,744	2,199	3,236	35,559

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group As at 30 June 2017	Note	Freehold land and Sentul Park RM'000	Leasehold land RM'000	Building RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Infra-structure works RM'000	Total RM'000
Cost										
At 1 July 2016		25,286	-	2,823	1,897	2,639	4,902	6,171	4,258	47,976
Additions		-	-	-	2	44	-	-	-	46
Written off	7	-	-	-	(175)	(167)	(3)	-	-	(345)
Transfer from land held for property development	16	-	142	-	-	-	-	-	-	142
Exchange differences		-	-	-	6	6	-	-	-	12
At 30 June 2017		25,286	142	2,823	1,730	2,522	4,899	6,171	4,258	47,831
Accumulated depreciation										
At 1 July 2016		-	-	501	1,502	1,980	2,502	3,079	851	10,415
Charge for the year	7	-	-	27	57	110	328	433	86	1,041
Written off	7	-	-	-	(167)	(164)	(3)	-	-	(334)
Transfer from land held for property development	16	-	101	-	-	-	-	-	-	101
Exchange differences		-	-	-	5	6	-	-	-	11
At 30 June 2017		-	101	528	1,397	1,932	2,827	3,512	937	11,234
Net carrying amount										
At 30 June 2017		25,286	41	2,295	333	590	2,072	2,659	3,321	36,597

Included in property, plant and equipment of the Group are motor vehicles with net book value of RM478,000 (2017: RM1,303,000) held under hire purchase arrangements.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company As at 30 June 2018	Note	Freehold land RM'000	Building RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1 July 2017		**3,036**	**2,823**	**138**	**146**	**1,404**	**502**	**8,049**
At 30 June 2018		**3,036**	**2,823**	**138**	**146**	**1,404**	**502**	**8,049**
Accumulated depreciation								
At 1 July 2017		**-**	**528**	**121**	**137**	**1,404**	**109**	**2,299**
Charge for the year	7	**-**	**27**	**4**	**2**	**-**	**49**	**82**
At 30 June 2018		**-**	**555**	**125**	**139**	**1,404**	**158**	**2,381**
Net carrying amount								
At 30 June 2018		**3,036**	**2,268**	**13**	**7**	**-**	**344**	**5,668**
As at 30 June 2017								
Cost								
At 1 July 2016		3,036	2,823	136	141	1,404	502	8,042
Additions		-	-	2	5	-	-	7
At 30 June 2017		3,036	2,823	138	146	1,404	502	8,049
Accumulated depreciation								
At 1 July 2016		-	501	117	135	1,404	58	2,215
Charge for the year	7	-	27	4	2	-	51	84
At 30 June 2017		-	528	121	137	1,404	109	2,299
Net carrying amount								
At 30 June 2017		3,036	2,295	17	9	-	393	5,750

In the previous financial year, included in property, plant and equipment of the Company is a motor vehicle with net book value of RM297,000 held under hire purchase arrangement.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM'000	**2017 RM'000**
Unquoted shares in Malaysia:		
- At cost	**894,201**	872,741
- At valuation	**222,296**	222,296
Unquoted shares outside Malaysia, at cost	**192,379**	192,379
	1,308,876	1,287,416
Less: Accumulated impairment losses	**(435,401)**	(284,647)
	873,475	1,002,769

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

During the financial year, the Company subscribed for 57,064,000 (2017: 10,165,000) redeemable preference shares ("RPS") at an issue price of RM1 per share for cash in several subsidiaries. Several subsidiaries redeemed 35,604,000 RPS from the Company at RM1 per RPS for a total redemption value of RM35,604,000. The subscriptions and redemption of RPS did not result in any changes in the parent's interest in the subsidiaries.

(b) Acquisition of non-controlling interest

In the previous financial year, the Company acquired the remaining 30% equity interest in Sentul Raya Sdn. Bhd. ("SRSB") from its non-controlling interest for a total consideration of RM252,424,000 which consist of cash payment of RM190,000,000 and payment-in-kind of RM62,424,000 comprising RM61,200,000 worth of residential units of certain project. As a result of this acquisition, SRSB became a wholly-owned subsidiary of the Company. On the date of acquisition, the carrying value of the additional interest acquired was RM52,125,000. The difference between the consideration and the carrying value of the interest acquired of RM200,299,000 is reflected in equity as premium paid on acquisition of non-controlling interest.

(c) Impairment loss on investment in subsidiaries

During the financial year, the impairment review has led to the recognition of impairment loss of the investments amounting to RM150,754,000 (2017: RM49,382,000) due to decline in the estimated recoverable amounts of the investments as a result of softening property market condition.

The aforementioned recoverable amounts were determined using value in use approach. The management has applied a pre-tax discount rate of 10.5% p.a. (2017: 10.5% p.a.) for Malaysia industry and 6.6% p.a. for Singapore industry in previous financial year in deriving the value in use.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) **The details of subsidiaries are as follow:**

Name of subsidiary	Country of incorporation	Principal activities	% of ownership interest held by the Group 2018 %	% of ownership interest held by the Group 2017 %	% of ownership interest held by non-controlling interest 2018 %	% of ownership interest held by non-controlling interest 2017 %
Held by the Company:						
Amanresorts Sdn. Bhd.*	Malaysia	Dormant	**100**	100	**-**	-
Bayumaju Development Sdn. Bhd.*	Malaysia	Property development	**100**	100	**-**	-
Budaya Bersatu Sdn. Bhd.*	Malaysia	Property development	**100**	100	**-**	-
Emerald Hectares Sdn. Bhd.*	Malaysia	Dormant	**70**	70	**30**	30
Mayang Sari Sdn. Bhd.	Malaysia	Inactive	**100**	100	**-**	-
Pakatan Perakbina Sdn. Bhd.*	Malaysia	Property development	**100**	100	**-**	-
Pinnacle Trend Sdn. Bhd.*	Malaysia	Property development	**100**	100	**-**	-
Satria Sewira Sdn. Bhd.*	Malaysia	Dormant	**100**	100	**-**	-
Sentul Raya Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	**-**	-
Trend Acres Sdn. Bhd.*	Malaysia	Property development	**100**	100	**-**	-
YTL Land & Development (MM2H) Sdn. Bhd.	Malaysia	Dormant	**100**	100	**-**	-
Lakefront Pte. Ltd.*	Singapore	Real estate development	**100**	100	**-**	-
Sandy Island Pte. Ltd.*	Singapore	Real estate development	**100**	100	**-**	-
YTL Land & Development Management Pte. Ltd.*	Singapore	Provision of financial and management consultancy services	**100**	100	**-**	-
YTL Westwood Properties Pte. Ltd.*	Singapore	Real estate development	**100**	100	**-**	-
Held through Mayang Sari Sdn. Bhd.:						
Lot Ten Security Sdn. Bhd.	Malaysia	Inactive	**100**	100	**-**	-
SR Property Management Sdn. Bhd.	Malaysia	Provision of property management services	**100**	100	**-**	-

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) The details of subsidiaries are as follow: (continued)

Name of subsidiary	Country of incorporation	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interest	
			2018 %	2017 %	2018 %	2017 %
Held through Pakatan Perakbina Sdn. Bhd.:						
Noriwasa Sdn. Bhd.*	Malaysia	Dormant	**100**	100	**-**	-
PYP Sendirian Berhad*	Malaysia	Property development	**100**	100	**-**	-
Syarikat Kemajuan Perumahan Negara Sdn. Bhd.*	Malaysia	Property development	**100**	100	**-**	-
Udapakat Bina Sdn. Bhd.*	Malaysia	Property development	**100**	100	**-**	-
Held through Sentul Raya Sdn. Bhd.:						
Sentul Park Management Sdn. Bhd.	Malaysia	Park management	**100**	100	**-**	-
Sentul Raya City Sdn. Bhd.	Malaysia	Property development	**100**	100	**-**	-
Sentul Raya Golf Club Berhad	Malaysia	Inactive	**100**	100	**-**	-

* Audited by firms of auditors other than Ernst & Young.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:-

	Emerald Hectares Sdn. Bhd.	Sentul Raya Sdn. Bhd. Group	Other individually immaterial subsidiary	Total
	RM'000	RM'000	RM'000	RM'000
2018				
NCI effective equity interest	**30%**	**-%**		
Carrying amount of NCI	**15,034**	**-**	**8,288***	**23,322**
Loss allocated to NCI	**(12)**	**-**	**-**	**(12)**
2017				
NCI effective equity interest	30%	-%		
Carrying amount of NCI	15,046	-	8,288*	23,334
Profit/(loss) allocated to NCI	(15)	4,327	-	4,312

* Included in carrying amount of NCI in other individually immaterial subsidiaries is redeemable preference shares ("RPS") issued to a related company.

The salient features of RPS of the subsidiaries are as follows:

(a) The RPS will not confer any right to dividend or other income;

(b) The holders of RPS have preference over all holders of ordinary shares on the return of capital upon liquidation for an amount equal to the amount paid plus any premium;

(c) The subsidiaries shall be entitled at any time to redeem all or any of the RPS, on terms and in such manner as provided in the subsidiaries' Articles of Association; and

(d) The holders of RPS whilst entitled to receive notice of and attend any meetings of the subsidiaries, shall not be entitled to vote other than:-

  (i) upon any resolution which varies the rights attached to the RPS; or

  (ii) upon any resolution for the winding up of the subsidiaries in which case the holders of the RPS shall be entitled to vote on such resolution.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

Summarised financial information before inter-company elimination

	Emerald Hectares Sdn. Bhd.	
	2018 RM'000	**2017 RM'000**
Summarised statements of financial position		
Non-current assets	**64,797**	64,797
Current assets	**17**	19
Current liabilities	**(3)**	(98)
Net assets	**64,811**	64,718
Summarised statements of comprehensive income		
Total comprehensive loss for the year	**(41)**	(49)
Loss attributable to owners of the Company	**(29)**	(34)
Loss attributable to NCI	**(12)**	(15)
Summarised statements of cash flows		
Cash flows used:		
Operating activities	**(2)**	(2)
Net increase in cash and cash equivalents	**2**	2

14. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted investment, at cost	**22,900**	22,900	**22,900**	22,900
Share of post-acquisition reserves	**29,540**	25,736	**-**	-
Accumulated impairment loss	**(3,388)**	-	**-**	-
	49,052	48,636	**22,900**	22,900

(a) Details of the joint venture are as follows:-

Name	Country of incorporation	Principal activities	Effective equity interest 2018 %	 2017 %
Shorefront Development Sdn. Bhd.	Malaysia	Property development	**50**	50

The financial statements of the above joint venture are audited by a firm of auditors other than Ernst & Young.

(b) The summarised financial information of the joint venture is as follows:-

	Group	
	2018 RM'000	2017 RM'000
As at 30 June		
Non-current assets	**3,170**	3,166
Current assets	**83,446**	97,009
Current liabilities	**(855)**	(22,022)
Net assets	**85,761**	78,153
	50%	50%
The Group's share of net assets in joint venture	**42,881**	39,077
Goodwill	**8,275**	8,275
Fair value adjustment	**1,284**	1,284
Accumulated impairment loss	**(3,388)**	-
Carrying value of Group's share of net assets in joint venture	**49,052**	48,636
For the year ended 30 June		
Income	**10,199**	21,116
Total comprehensive income for the year	**7,608**	15,980

14. INVESTMENT IN A JOINT VENTURE (CONTINUED)

(c) Impairment loss on investment in a joint venture:

During the financial year, the impairment review has led to the recognition of impairment loss of the investment amounting to RM3,388,000 (2017: RM nil) due to decline in the estimated recoverable amounts.

15. INVESTMENT PROPERTIES

		Group	
	Note	**2018 RM'000**	**2017 RM'000**
At beginning of the financial year		**48,100**	48,100
Gain from fair value adjustment recognised in profit or loss	7	**1,200**	-
At end of the financial year		**49,300**	48,100

Investment properties are stated at fair value based on valuations performed by independent professional valuer having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Fair value hierarchy

The Groups investment properties are valued based on comparison approach and unobservable inputs and classified in Level 3 (2017: Level 3) of the fair value hierarchy. The different levels of the fair value hierarchy have been defined as follows:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (such as derived from prices).

(c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There was no transfer between Level 1, Level 2 and Level 3 during the financial year.

15. INVESTMENT PROPERTIES (CONTINUED)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Cost method: The land component is assessed using comparison method while the building component is assessed based on depreciated value.	Cost appreciation rate: 20% p.a. (2017: 20% p.a.) Depreciation rate: 18% p.a. (2017: 20% p.a.)	The estimated fair value would increase if:- - cost appreciation rate were higher; or - depreciation rate were lower
Income method: Income approach is based on the estimate rental income, net of projected operating expenses, using a discount rate derived from market yield.	Rental yield: 8% p.a. (2017: 8% p.a.) Discount rate: 8.5% p.a. (2017: 8.5% p.a.)	The estimated fair value would increase if:- - rental yield were higher; or - discount rate were lower

The land is valued by reference to transactions of similar lands in surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

16. LAND HELD FOR PROPERTY DEVELOPMENT

		Group				Company		
		Freehold Land	Leasehold Land	Development costs	Total	Leasehold Land	Development costs	Total
2018	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cost:								
At beginning of the financial year		**331,857**	**112,957**	**281,478**	**726,292**	**30,694**	**6,743**	**37,437**
Cost incurred during the year		**40,250**	**-**	**9,805**	**50,055**	**-**	**-**	**-**
Disposals during the year	5	**(11,784)**	**(8)**	**(31,847)**	**(43,639)**	**-**	**-**	**-**
Transfer to property development costs	20	**-**	**-**	**(537)**	**(537)**	**-**	**-**	**-**
At end of the financial year		**360,323**	**112,949**	**258,899**	**732,171**	**30,694**	**6,743**	**37,437**
Accumulated impairment losses:								
At beginning of the financial year		**-**	**(21,067)**	**(382)**	**(21,449)**	**-**	**-**	**-**
Impairment losses for the year	7	**-**	**(6,248)**	**-**	**(6,248)**	**-**	**-**	**-**
At end of the financial year		**-**	**(27,315)**	**(382)**	**(27,697)**	**-**	**-**	**-**
Carrying amount at end of the financial year		**360,323**	**85,634**	**258,517**	**704,474**	**30,694**	**6,743**	**37,437**
2017								
Cost:								
At beginning of the financial year		331,785	112,998	279,001	723,784	30,694	6,743	37,437
Cost incurred during the year		72	-	4,751	4,823	-	-	-
Reclassification made during the year	21	-	-	(2,274)	(2,274)	-	-	-
Transfer to property, plant and equipment	12	-	(41)	-	(41)	-	-	-
At end of the financial year		331,857	112,957	281,478	726,292	30,694	6,743	37,437
Accumulated impairment losses:								
At beginning of the financial year		-	(21,067)	(2,274)	(23,341)	-	-	-
Impairment losses for the year	7	-	-	(382)	(382)	-	-	-
Reclassification made during the year	21	-	-	2,274	2,274	-	-	-
At end of the financial year		-	(21,067)	(382)	(21,449)	-	-	-
Carrying amount at end of the financial year		331,857	91,890	281,096	704,843	30,694	6,743	37,437

Land held for property development comprises land which are in the process of being prepared for development but are not expected to be developed for sale within the normal operating cycle.

During the financial year, the impairment review has led to the recognition of impairment loss amounting to RM6,248,000 (2017: RM382,000) due to decline in estimated recoverable amount of development cost.

Included in land held for property development of the Group are the freehold land with carrying value of RM181,121,000 (2017: RM163,678,000) pledged as security for a borrowing granted to the Group as disclosed in Note 27.

17. GOODWILL ON CONSOLIDATION

		Group	
	Note	2018 RM'000	2017 RM'000
Cost			
At beginning of the financial year		**57,218**	55,357
Currency translation differences		**(2,170)**	1,861
At end of the financial year		**55,048**	57,218
Accumulated impairment			
At beginning of the financial year		**(51,786)**	(24,076)
Impairment loss	7	**-**	(27,035)
Currency translation differences		**2,170**	(675)
At end of the financial year		**(49,616)**	(51,786)
Net carrying amount		**5,432**	5,432

Impairment test of goodwill is carried out on an annual basis and whenever there is an indication of impairment by comparing the carrying amount of goodwill with the recoverable amount of each cash-generating unit ("CGU").

The recoverable amounts of the CGUs are determined based on higher of fair value less cost to sell and value in use calculations using cash flow projections from financial budgets approved by the management.

In previous financial year, an impairment loss was recognised to write down the carrying amount of goodwill arose from Singapore property development business due to decline in recoverable amount as a result of softening property market condition.

(a) Allocation of goodwill

The entire goodwill of the Group arose from its property development businesses.

(b) Key assumptions

Fair value less costs of disposal method

In determining the recoverable amount of the CGU, management determined the fair value of certain land held for development based on external independent valuation reports.

Fair values of the properties have been generally derived using the market comparable approach. The inputs used for the determination of fair value of certain land held for development are categorised as Level 3.

For market comparable method, the principal assumptions underlying these valuations are current prices of similar properties or property prices in less active markets adjusted accordingly. The significant unobservable inputs are location, visibility, accessibility, condition of the land, land area and tenure.

17. GOODWILL ON CONSOLIDATION (CONTINUED)

(b) Key assumptions (continued)

Value in used method

In determining the recoverable amount of the CGU, management determined the value-in-use calculation based on discounted cash flow model. The discounted cash flow model using cash flow projections covering from three to ten years period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

- Budgeted gross margin
  Budgeted gross margin is estimated based on the gross margin of past and current projects.

- Discount rate
  The management has applied a pre-tax discount rate of 10.5% p.a. for Malaysia industry (2017: 10.5% p.a.).

(c) Sensitivity to changes in key assumptions

The sensitivity tests indicated that with an increase in the discount rate by 1% (2017: 1%), there will be no further impairment loss required while other realistic variations remained the same.

18. DEFERRED TAXATION

		Group	
	Note	2018 RM'000	2017 RM'000
At beginning of the financial year		**32,830**	38,028
Recognised in profit or loss	10	**(5,657)**	(6,241)
Exchange difference		**(121)**	1,043
At end of the financial year		**27,052**	32,830
Presented after appropriate offsetting as follows:			
Deferred tax assets		**(10,060)**	(9,232)
Deferred tax liabilities		**37,112**	42,062
		27,052	32,830

18. DEFERRED TAXATION (CONTINUED)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities:

Group	Property, plant and equipment	Land held for property development and property development costs	Investment properties and others	Total
	RM'000	RM'000	RM'000	RM'000
At 1 July 2017	**276**	**42,062**	**1,372**	**43,710**
Recognised in profit or loss	**15**	**(4,864)**	**60**	**(4,789)**
Recognised in equity	**-**	**(121)**	**-**	**(121)**
At 30 June 2018	**291**	**37,077**	**1,432**	**38,800**
At 1 July 2016	375	45,224	917	46,516
Recognised in profit or loss	(99)	(4,205)	455	(3,849)
Recognised in equity	-	1,043	-	1,043
At 30 June 2017	276	42,062	1,372	43,710

Deferred tax assets:

Group	Unabsorbed losses and capital allowance in subsidiaries	Provision and others	Total
	RM'000	RM'000	RM'000
At 1 July 2017	**(6,859)**	**(4,021)**	**(10,880)**
Recognised in profit or loss	**(173)**	**(695)**	**(868)**
At 30 June 2018	**(7,032)**	**(4,716)**	**(11,748)**
At 1 July 2016	(5,661)	(2,827)	(8,488)
Recognised in profit or loss	(1,198)	(1,194)	(2,392)
At 30 June 2017	(6,859)	(4,021)	(10,880)

18. DEFERRED TAXATION (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items because the benefits arose in subsidiaries where it is not probable that taxable profits will be available against which the benefits can be utilised:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Unused tax losses	**230,884**	42,836	**-**	-
Unabsorbed capital allowances	**284**	284	**-**	-
Other deductible temporary differences	**4,148**	3,271	**4,142**	3,269
	235,316	46,391	**4,142**	3,269

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group and of the Company is subject to agreement of the Inland Revenue Board.

19. INVENTORIES

		Group	
	Note	**2018 RM'000**	**2017 RM'000**
Properties held for sale			
- At cost		**154,727**	49,929
- At net realisable value		**1,931,815**	-
		2,086,542	49,929
Recognised in profit or loss:			
Cost of completed properties sold	5	**2,034**	6,645
Inventories written down	7	**130,312**	-
Contribution of inventories to a Joint Management Body	7	**-**	1,649

During the financial year, included in the inventories of the Group with carrying value of RM1,931,815,000 (2017: RM nil) pledged as security for a borrowing granted to the Group as disclosed in Note 27.

During the financial year, the net realisable value review has led to the recognition of inventories written down of RM130,312,000 (2017: RM nil) as a result of softening property market condition.

20. PROPERTY DEVELOPMENT COSTS

Group 2018	Note	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs:					
At beginning of the financial year		1,480,660	100,592	1,423,828	3,005,080
Costs incurred during the year		-	-	193,937	193,937
Transfer from land held for property development	16	-	-	537	537
Transfer to inventories		(1,347,887)	-	(884,770)	(2,232,657)
Reversal upon completion		(20,211)	(16,536)	(496,392)	(533,139)
Exchange differences		(36,101)	-	(20,593)	(56,694)
At end of the financial year		76,461	84,056	216,547	377,064
Cumulative impairment losses:					
At beginning of the financial year		(18,064)	-	-	(18,064)
Transfer to inventories		12,536	-	-	12,536
Reversal upon completion		5,192	-	-	5,192
Exchange differences		336	-	-	336
At end of the financial year		-	-	-	-
Cumulative costs recognised in profit or loss					
At beginning of the financial year					(494,537)
Recognised during the year	5				(32,636)
Reversal upon completion					527,173
At end of the financial year					-
Property development costs at end of the financial year					377,064

20. PROPERTY DEVELOPMENT COSTS (CONTINUED)

Group 2017	Note	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs:					
At beginning of the financial year		1,419,989	100,592	996,763	2,517,344
Costs incurred during the year		-	-	396,016	396,016
Exchange differences		60,671	-	31,049	91,720
At end of the financial year		1,480,660	100,592	1,423,828	3,005,080
Cumulative impairment losses:					
At beginning of the financial year		(5,192)	-	-	(5,192)
Recognised during the year	7	(12,872)	-	-	(12,872)
At end of the financial year		(18,064)	-	-	(18,064)
Cumulative costs recognised in profit or loss:					
At beginning of the financial year					(236,955)
Recognised during the year	5				(257,582)
At end of the financial year					(494,537)
Property development costs at end of the financial year					2,492,479

Included in property development costs of the Group is interest capitalised during the financial year amounting to RM10,344,000 (2017: RM46,377,000) as disclosed in Note 6.

A freehold land under development with carrying value of RM Nil (2017: RM2,145,000,000) was pledged as security for a borrowing granted to the Group as disclosed in Note 27. During the financial year, the Group has completed the development and transferred the freehold land to inventories.

In the previous financial year, the Group recognised impairment loss amounting to RM12,872,000 on freehold land due to decline in the estimated recoverable amount as a result of softening property market condition.

21. TRADE AND OTHER RECEIVABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current					
Trade receivables					
Trade receivables		**18,738**	11,299	**-**	-
Stakeholder amounts held by solicitors		**49,632**	2,016	**-**	-
		68,370	13,315	**-**	-
Less: Allowance for impairment		**(439)**	(389)	**-**	-
		67,931	12,926	**-**	-
Other receivables					
Deposits		**2,203**	6,599	**21**	21
Other receivables		**5,111**	5,032	**1,084**	1,086
Goods and services tax recoverable		**3**	24	**-**	17
		7,317	11,655	**1,105**	1,124
Less: Allowance for impairment		**(3,611)**	(3,438)	**(1,084)**	(1,084)
		3,706	8,217	**21**	40
Total trade and other receivables (current)		**71,637**	21,143	**21**	40
Non-current					
Trade receivables					
Trade receivables		**429**	436	**-**	-
Other receivables					
Other receivables		**9,278**	9,345	**-**	-
Less: Allowance for impairment		**(2,485)**	(2,485)	**-**	-
		6,793	6,860	**-**	-
Total trade and other receivables (non-current)		**7,222**	7,296	**-**	-
Total trade and other receivables (current and non-current)		**78,859**	28,439	**21**	40
Amounts due from related parties	23	**6,341**	18,051	**213,627**	254,384
Cash and bank balances	24	**176,151**	43,527	**3,152**	7,907
Total loans and receivables		**261,351**	90,017	**216,800**	262,331

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The Group's normal trade credit terms range from 30 days to 90 days (2017: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The ageing analysis of the Group's trade receivables at the reporting date is as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Neither past due nor impaired	**49,839**	1,608
1 to 30 days past due not impaired	**14,045**	6,380
31 to 60 days past due not impaired	**2,429**	402
61 to 90 days past due not impaired	**57**	1,965
91 to 120 days past due not impaired	**123**	145
More than 120 days past due not impaired	**1,867**	2,862
	68,360	13,362
Impaired	**439**	389
	68,799	13,751

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM18,521,000 (2017: RM11,754,000) that are past due at the reporting date but not impaired. The management believes that no allowance for impairment is necessary as there is no significant concern on the current credit worthiness of the counter parties and the recoverability of these debts.

Included in trade receivables is progress billings for sale of properties to key management personnel and their close family members of RM5,236,000 (2017: RM2,130,000) as disclosed in Note 34.

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Trade receivables that are impaired

The Group's and the Company's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

	Group	
	2018 RM'000	**2017 RM'000**
Trade receivables - nominal amount	**439**	389
Less: Allowance for impairment	**(439)**	(389)
	-	-

Movement in allowance account:

		Group	
	Note	**2018 RM'000**	**2017 RM'000**
At 1 July		**389**	239
Charge for the year	7	**61**	150
Reversal of impairment losses	7	**(11)**	-
At 30 June		**439**	389

(c) Other receivables that are impaired

The Group's and the Company's other receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Other receivables - nominal amount	**6,169**	6,029	**1,084**	1,084
Less: Allowance for impairment	**(6,096)**	(5,923)	**(1,084)**	(1,084)
	73	106	**-**	-

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Other receivables that are impaired (continued)

Movement in allowance account:

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 July		**5,923**	3,425	**1,084**	1,000
Charge for the year	7	**173**	224	**-**	84
Reclassification made during the year	16	**-**	2,274	**-**	-
At 30 June		**6,096**	5,923	**1,084**	1,084

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for the amount due from Kuala Lumpur Performing Arts Centre of RM10,871,000 (2017: RM10,922,000) which represents a concentration of credit risk to the Group by virtue of its significant balance.

The other receivables are non-interest bearing, unsecured and are repayable on demand. Other information on financial risk is disclosed in Note 38.

(d) Non-current trade receivables

Non-current trade receivables represent amount due from purchasers which are in the normal course of business and are due after 12 months from the reporting date.

22. OTHER CURRENT ASSETS

	Group	
	2018 RM'000	2017 RM'000
Prepayments	**1,388**	2,260
Advance billing from contractor – a related company	**-**	11,647
Accrued billings in respect of property development costs	**931**	131,012
	2,319	144,919

23. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Amounts due from:				
- related companies	**6,325**	18,048	**1**	2
- a joint venture	**16**	3	**16**	3
- subsidiaries	**-**	-	**334,629**	383,205
	6,341	18,051	**334,646**	383,210
Allowance for impairment:				
- cumulative impairment losses on amount due from subsidiaries	**-**	-	**(128,831)**	(128,826)
- exchange differences	**-**	-	**6,512**	-
- reversal of impairment loss on amount due from a subsidiary	**-**	-	**1,300**	-
Amounts due from related parties	**6,341**	18,051	**213,627**	254,384
Amounts due to:				
- immediate holding company	**218**	21	**54**	2
- related companies	**302,460**	324,009	**8**	96
- subsidiaries	**-**	-	**16,050**	107,640
Amounts due to related parties	**302,678**	324,030	**16,112**	107,738

The immediate and ultimate holding companies are YTL Corporation Berhad and Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., respectively, both are incorporated in Malaysia. The immediate holding company, YTL Corporation Berhad is listed on the Main Market of Bursa Securities. Related companies refer to the subsidiaries of Yeoh Tiong Lay & Sons Holdings Sdn. Bhd..

The amounts due from/(to) holding and related companies and the joint venture are unsecured, interest free and are repayable on demand.

The amounts due from/(to) subsidiaries primarily arose from payments on behalf and are unsecured, interest-free and repayable on demand, except for amounts due from certain subsidiaries totalling RM104,081,000 (2017: RM203,902,000) which bear interest rates ranging from 5.20% p.a. to 5.53% p.a. (2017: 4.10% p.a. to 5.22% p.a.) and amounts due to certain subsidiaries of RM2,000 (2017: RM86,754,000) which bear interest rates ranging from 4.75% p.a. to 5.28% p.a. (2017: 4.10% p.a. to 4.76% p.a.).

During the financial year, the Company recognised impairment loss on amount due from subsidiaries amounting to RM5,000 (2017: RM127,337,000) due to decline in the estimated recoverable amount of the related subsidiaries.

Amounts due to related companies totalling RM299,096,000 (2017: RM321,767,000) are trade in nature.

24. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Deposits with licensed banks	**155,326**	25,206	**389**	7,676
Cash on hand and at banks	**20,825**	18,321	**2,763**	231
	176,151	43,527	**3,152**	7,907

The weighted average effective interest rates per annum of deposits at the reporting date were as follows:

	Group		Company	
	2018 %	**2017 %**	**2018 %**	**2017 %**
Deposits with licensed banks	**3.72**	3.21	**3.24**	3.10

The weighted average maturity of deposits at the reporting date were 28 days (2017: 24 days).

Included in cash and bank balances of the Group and the Company are monies held in debt service reserve account amounting to RM5,607,000 (2017: RM1,500,000) and RM2,550,000 (2017: RM nil), respectively pledged as securities for term loans as disclosed in Note 27.

Included in cash and bank balances of the Group are amounts of RM13,584,000 (2017: RM16,061,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

25. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables		**634**	2,075	**-**	-
Other payables		**7,307**	6,491	**128**	456
Accruals (Note a)		**18,595**	22,792	**1,454**	14,496
Deposits received		**4,165**	1,732	**-**	-
Goods and services tax payable		**67**	886	**3**	18
Total trade and other payables		**30,768**	33,976	**1,585**	14,970
Amounts due to related parties	23	**302,678**	324,030	**16,112**	107,738
Borrowings	27	**2,285,069**	2,216,746	**465,003**	488,726
Total financial liabilities carried at amortised cost		**2,618,515**	2,574,752	**482,700**	611,434
Note a :					
- Trade		**13,706**	4,992	**-**	-
- Non-trade		**4,889**	17,800	**1,454**	14,496
		18,595	22,792	**1,454**	14,496

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

26. OTHER CURRENT LIABILITIES

	Group	
	2018 RM'000	2017 RM'000
Progress billings in respect of property development cost	**5,185**	-
Advance payment received - related parties	**-**	15,756
Amount due to customer on contract	**67,696**	67,696
	72,881	83,452

Amount due to customer on contract

The amount represents the balance of the total purchase consideration of not less than RM105,616,000 for the acquisition of the Sentul Raya Development Project Site from Keretapi Tanah Melayu Berhad ("KTMB"), which is to be settled by way of phased development, construction and completion of the Railway Village by a subsidiary, Sentul Raya Sdn. Bhd. ("SRSB") for KTMB at its sole cost and expense in accordance with the provisions of the Development Agreement dated 8 December 1993 between SRSB and KTMB, as amended pursuant to the Supplementary Development Agreement with KTMB dated 21 December 2000.

27. BORROWINGS

	Note	Maturity	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current:						
Secured:						
Hire purchase payables	28	2019	**90**	418	**-**	88
Term loans		2019	**23,750**	9,500	**23,750**	9,500
Revolving credit		2019	**20,000**	-	**20,000**	-
Unsecured:						
ICULS	29	2019	**19,826**	15,014	**19,826**	15,014
Revolving credit		On demand	**-**	200,000	**-**	200,000
			63,666	224,932	**63,576**	224,602
Non-current						
Secured:						
Hire purchase payables	28	2020	**-**	90	**-**	-
Term loans		2020-2022	**1,473,067**	1,418,786	**155,336**	178,208
Revolving credit		2020-2023	**180,000**	-	**180,000**	-
Unsecured:						
ICULS	29	2020-2021	**66,091**	85,916	**66,091**	85,916
Term loans		2020-2021	**502,245**	487,022	**-**	-
			2,221,403	1,991,814	**401,427**	264,124
Total borrowings						
Hire purchase payables	28		**90**	508	**-**	88
ICULS	29		**85,917**	100,930	**85,917**	100,930
Revolving credit			**200,000**	200,000	**200,000**	200,000
Term loans			**1,999,062**	1,915,308	**179,086**	187,708
			2,285,069	2,216,746	**465,003**	488,726

Term loans

The term loans are secured by the legal mortgage of certain assets of the Group as disclosed in the relevant notes in the financial statements and supported by corporate guarantees from the Company.

27. BORROWINGS (CONTINUED)

The remaining maturities of the borrowings at the reporting date are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Not later than 1 year	**63,666**	224,932	**63,576**	224,602
Later than 1 year and not later than 2 years	**1,651,076**	43,666	**73,691**	43,576
Later than 2 years and not later than 5 years	**570,327**	1,948,148	**327,736**	220,548
	2,285,069	2,216,746	**465,003**	488,726

The weighted average effective interest rates per annum for borrowings at the reporting date were as follows:

	Group		Company	
	2018 %	**2017 %**	**2018 RM'000**	**2017 RM'000**
ICULS	**7.49**	7.49	**7.49**	7.49
Hire purchase payables	**4.67**	4.68	**4.72**	4.72
Revolving credit	**5.28**	4.75	**5.28**	4.75
Term loans	**4.16**	3.27	**6.19**	5.68

28. HIRE PURCHASE PAYABLES

The Group and the Company have hire purchase arrangements for motor vehicles (Note 12).

The future minimum lease payments under hire purchase arrangements together with the present value of the net minimum lease payments are as follows:

		Group		Company	
	Note	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Future minimum lease payments:					
Not later than 1 year		**91**	432	**-**	90
Later than 1 year and not later than 2 years		**-**	91	**-**	-
		91	523	**-**	90
Less: Future finance charges		**(1)**	(15)	**-**	(2)
Present value of hire purchase payables	27	**90**	508	**-**	88

28. HIRE PURCHASE PAYABLES (CONTINUED)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Analysis of present value of hire purchase payables:					
Current					
Not later than 1 year		**90**	418	**-**	88
Non-current					
Later than 1 year and not later than 2 years		**-**	90	**-**	-
Present value of hire purchase payables	27	**90**	508	**-**	88

29. ICULS

On 31 October 2011, the Company issued 992,378,023 ten (10)-year 3.0% stepping up to 6.0% ICULS at a nominal value of RM0.50 per ICULS.

The salient terms of the ICULS are as follows:-

(i) The ICULS shall bear a coupon rate of 3.0% per annum from date of issue ("Issue Date") up to the fourth anniversary of the Issue Date and 4.5% per annum from the date after the fourth anniversary of the Issue Date up to the seventh anniversary of the Issue Date. Thereafter, the ICULS shall bear a coupon rate of 6.0% per annum to the maturity date. The interest is payable semi-annually in arrears.

(ii) The ICULS are convertible at any time on or after its issuance date into new ordinary shares of the Company at the conversion price, which is fixed on a step-down basis, as follows:-

(a) For conversion at any time from the Issue Date up to the fourth anniversary of the Issue Date is RM1.32;

(b) For conversion at any time after the fourth anniversary of the Issue Date up to the seventh anniversary of the Issue Date is RM0.99; and

(c) For conversion at any time after the seventh anniversary of the Issue Date up to the maturity date is RM0.66.

(iii) The ICULS are not redeemable and any ICULS remaining immediately after the maturity date shall be mandatorily converted into ordinary shares at the conversion price.

(iv) The new ordinary shares issued from the conversion of ICULS will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of the Company.

29. ICULS (CONTINUED)

The ICULS, a compound instrument, have been split between the liability component and the equity component as follows:-

		Group/Company	
	Note	2018 RM'000	2017 RM'000
Liability component	(a)	**85,917**	100,930
Equity component	(b)	**354,969**	354,969
		440,886	455,899

(a) Liability component of ICULS

		Group/Company	
	Note	2018 RM'000	2017 RM'000
Liability component at beginning of the financial year		**100,930**	114,904
Interest expense recognised during the year	6	**7,302**	8,341
Interest paid during the financial year		**(22,315)**	(22,315)
		85,917	100,930

(b) Equity component of ICULS

	Group/Company	
	2018 RM'000	2017 RM'000
Equity component at beginning/end of the financial year	**354,969**	354,969

Interest expense on the ICULS is calculated on the effective yield basis by applying the effective interest rate of 7.49% (2017: 7.49%) per annum for an equivalent non-convertible loan stock to the liability component of the ICULS.

30. PROVISIONS

Group	Note	Rectification works (Note a) RM'000	Affordable housing (Note b) RM'000	Legal claim (Note c) RM'000	Total RM'000
At 1 July 2017		**5,829**	**40,331**	**3,699**	**49,859**
Reversal of provision	7	**(108)**	**-**	**-**	**(108)**
Utilised during the year		**(920)**	**-**	**-**	**(920)**
Exchange differences		**(269)**	**-**	**-**	**(269)**
Provision made during the year		**3,601**	**-**	**-**	**3,601**
At 30 June 2018		**8,133**	**40,331**	**3,699**	**52,163**
Current		**8,133**	**33,254**	**3,699**	**45,086**
Non-current		**-**	**7,077**	**-**	**7,077**
		8,133	**40,331**	**3,699**	**52,163**
At 1 July 2016		-	40,331	-	40,331
Reclassification		7,833	-	-	7,833
Reversal of provision	7	(1,844)	-	-	(1,844)
Utilised during the year		(425)	-	-	(425)
Exchange differences		265	-	-	265
Provision made during the year		-	-	3,699	3,699
At 30 June 2017		5,829	40,331	3,699	49,859
Current		5,829	33,254	3,699	42,782
Non-current		-	7,077	-	7,077
		5,829	40,331	3,699	49,859

(a) Rectification works

The provision relates to the estimated cost of rectification works for a completed project.

(b) Affordable housing

This represents provision for foreseeable losses arising from the present obligation for construction of low cost houses.

(c) Legal claim

This represent provision for claims of damages in lieu of specific performance by certain purchasers.

31. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
Issued and fully paid				
Ordinary shares				
At beginning of the financial year	**844,345**	844,345	**599,643**	422,172
Transition to no-par value regime*	**-**	-	**-**	177,471
At end of the financial year	**844,345**	844,345	**599,643**	599,643

* The Companies Act 2016 ("the Act"), which came 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 RM177,471,000 become 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 RM177,471,000 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.

Employees share option scheme ("ESOS")

At an Extraordinary General Meeting held on 30 November 2010, the Company's shareholders approved the establishment of an employees share option scheme for employees and directors of the Company and its subsidiaries ("Group") who meet the criteria of eligibility for participation.

The main features of the ESOS are as follows:-

(i) The ESOS shall be in force for a period of ten (10) years, effective from 1 April 2011.

(ii) The maximum number of shares to be alloted and issued pursuant to the exercise of the options which may be granted under the ESOS shall not exceed fifteen per cent (15%) of the total issued and paid-up share capital of the Company at the point of time throughout the duration of the ESOS.

(iii) Any employee (including the directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer of an option ("Offer Date"), the person:-

  (a) has attained the age of eighteen (18) years;

  (b) is a director or an employee employed by and on the payroll of a company within the Group; and

  (c) in the case of employees, has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 3.1(iii) of the By-Laws not being met, at any time and from time to time.

31. SHARE CAPITAL (CONTINUED)

Employees share option scheme ("ESOS") (continued)

The main features of the ESOS are as follows:- (continued)

(iv) The subscription price payable for shares under the ESOS shall be determined by the Board upon the recommendation of the options committee and shall be fixed based on the higher of the following:

(a) the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) Market Days immediately preceding the Offer Date of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time; or

(b) the par value of the shares (or such other par value as may be permitted by the provisions of the Companies Act, 1965).

(v) Subject to Clause 13 of the By-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the option during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 10 and 11 of the By-Laws, the option can only be exercised by the grantee no earlier than three (3) years after the Offer Date or such other period as may be determined by the options committee at its absolute discretion, by notice in writing to the options committee, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the option to be exercised at any earlier or other period.

(vi) A grantee shall be prohibited from disposing off the new ordinary shares of the Company allotted and issued to him for a period of one (1) year from the date on which the option is exercised or such other period as may be determined by the options committee at its absolute discretion.

During the current and previous financial year, no options have been granted under the ESOS.

32. TREASURY SHARES

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 12 December 2017, approved for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

In the previous financial year, the Company repurchased 100 ordinary shares of its issued share capital from the open market at an average price of RM1.02 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

32. TREASURY SHARES (CONTINUED)

	Group/Company			
	Number of shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
At beginning/end of the financial year	**15,175**	15,175	**22,203**	22,203

33. FOREIGN CURRENCY TRANSLATION RESERVE

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

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In additional to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ultimate holding company:				
Progress billings for sale of properties	**3,646**	10,939	**-**	-
Advance payment received for purchase of properties	**-**	2,553	**-**	-
Related companies:				
Construction costs charged by:				
- Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd.	**136,321**	270,425	**-**	-
- YTL Construction (S) Pte. Ltd.	**6,810**	53,141	**-**	-
Project management and marketing agent fees charged to:				
- Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd.	**91**	20,924	**-**	-
Rental charges paid to:				
- Katagreen Development Sdn. Bhd.	**1,006**	1,006	**1,006**	1,006
Advertising, promotion and printing charges paid to:				
- Corporate Promotion Sdn. Bhd.	**2,118**	407	**-**	-

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In additional to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (continued)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Key management personnel and their close family members:				
Progress billings for sale of properties	**24,831**	35,034	**-**	-
Advance payment received for purchase of properties	**-**	13,204	**-**	-
Subsidiaries:				
Interest charges receivable from subsidiaries	**-**	-	**9,248**	13,920
Interest charges payable to a subsidiary	**-**	-	**5,289**	3,970
Joint venture:				
Interest charges received and receivable from joint venture	**-**	-	**-**	3

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

Outstanding balances in respect of the above transactions are disclosed in Notes 21 and 23.

(b) Compensation to key management personnel comprised solely the directors' remuneration as disclosed in Note 9.

35. COMMITMENTS

Non-cancellable operating lease commitments - Group as lessee

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Future minimum lease payable:				
Not later than 1 year	**581**	1,006	**581**	1,006
Later than 1 year	**-**	581	**-**	581
	581	1,587	**581**	1,587

Operating lease payments represent rentals payable by the Group and by the Company for use of premises. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

36. FINANCIAL GUARANTEE

A nominal amount of RM1,846,162,000 (2017: RM1,740,721,000) relates to corporate guarantees provided by the Company to financial institutions for credit facilities granted to subsidiaries.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

		2018		2017	
		Carrying amount	Fair value	Carrying amount	Fair value
Group/Company	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial liabilities:					
ICULS	29	**85,917**	**91,950**	100,930	108,719

The fair value of the liability component of ICULS is calculated based on present value of future cash flows, discounted at the market interest rate at the end of the reporting period. The market rate is determined by reference to similar unsecured liabilities that do not have a conversion option.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as relationship between key unobservable inputs and fair value, is detailed in the table below.

Financial instrument	Fair value hierarchy	Valuation method used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
ICULS	Level 3	Discounted cash flow method	Market cost of debt	The higher the discount rate, the lower the fair value of the ICULS would be.

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Amounts due from related parties	23
Cash and bank balances	24
Trade and other payables	25
Amounts due to related parties	23
Borrowings	27

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Determination of fair value (continued)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of the non-current portion of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

The fair values of financial guarantees are determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the parties guaranteed were to default.

Upon the adoption of FRS139, all unexpired financial guarantees issued were not recognised as no value has been placed on the guarantees provided by the Company as based on the current and past repayment trends of the guaranteed parties, the likelihood of the guaranteed parties defaulting within the guaranteed period were assessed to be remote.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's operations are subject to liquidity risk, credit risk, interest rate risk and foreign currency risk.

The Group's and the Company'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 of Directors reviews and agrees policies and procedures for the management of these risks. It is not the Group's and the Company's policy to engage in speculative transactions.

(a) Liquidity risk

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

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

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Liquidity risk (continued)

		2018		
		On demand or within 1 year	**1 to 5 years**	**Total**
	Note	**RM'000**	**RM'000**	**RM'000**
Group				
Trade and other payables	25	**30,768**	**-**	**30,768**
Borrowings		**155,798**	**2,365,913**	**2,521,711**
Amounts due to related parties	23	**302,678**	**-**	**302,678**
Total undiscounted financial liabilities		**489,244**	**2,365,913**	**2,855,157**
Company				
Trade and other payables	25	**1,585**	**-**	**1,585**
Borrowings		**86,271**	**479,206**	**565,477**
Amounts due to related parties	23	**16,112**	**-**	**16,112**
Total undiscounted financial liabilities		**103,968**	**479,206**	**583,174**

		2017		
		On demand or within 1 year	**1 to 5 years**	**Total**
	Note	**RM'000**	**RM'000**	**RM'000**
Group				
Trade and other payables	25	33,976	–	33,976
Borrowings		299,921	2,123,140	2,423,061
Amounts due to related parties	23	324,030	–	324,030
Total undiscounted financial liabilities		657,927	2,123,140	2,781,067
Company				
Trade and other payables	25	14,970	–	14,970
Borrowings		251,192	303,999	555,191
Amounts due to related parties	23	107,738	–	107,738
Total undiscounted financial liabilities		373,900	303,999	677,899

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) 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 arises principally from trade, other receivables and inter-company balances. For other financial assets (including cash and bank balance), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM1,846,162,000 (2017: RM1,740,721,000) relating to corporate guarantees provided by the Company to financial institutions for credit facilities granted to subsidiaries.

(i) Trade and other receivables

Receivable balances are monitored continually with the results that the Group's and the Company's exposure to credit risk is minimised.

The ageing analysis and information regarding impairment of the Group and of the Company are disclosed in Note 21.

(ii) Inter-company balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting date, there was no indication that the amounts due from subsidiaries are not recoverable other than as disclosed in Note 23.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their fixed deposits with licensed banks and interest-bearing loans and borrowings.

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

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax and equity would have been RM1,930,000 (2017: RM1,909,000) higher/lower, arising mainly as a result of higher/lower interest expense on floating rate borrowings, lower/higher interest income from floating rate loans to a joint venture and deposits with licensed banks. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk

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

The Group and the Company are exposed to foreign currency risk primarily on their payables which are denominated in Singapore Dollars ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group and the Company's profit net of tax to a reasonably possible change in the SGD exchange rates against the respective functional currencies of the Group entities, with all other variable held constant.

	Group/Company	
	2018 RM'000	**2017 RM'000**
SGD/RM		
- strengthened 1%	**1,986**	1,435
- weakened 1%	**(1,986)**	(1,435)

39. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholder value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend policy to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's and the Company's approach to capital management during the year.

The Group and the Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, total financial liabilities less cash and bank balance. Capital includes equity attributable to the owners of the parent.

39. CAPITAL MANAGEMENT (CONTINUED)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Borrowings	27	**2,285,069**	2,216,746	**465,003**	488,726
Trade and other payables	25	**30,768**	33,976	**1,585**	14,970
Amounts due to related parties	23	**302,678**	324,030	**16,112**	107,738
Less: Cash and bank balances	24	**(176,151)**	(43,527)	**(3,152)**	(7,907)
Net debt		**2,442,364**	2,531,225	**479,548**	603,527
Equity attributable to owners of the parent		**775,377**	857,123	**673,640**	720,432
Capital and net debt		**3,217,741**	3,388,348	**1,153,188**	1,323,959
Gearing ratio (%)		**76%**	75%	**42%**	46%

The Group and the subsidiaries are not subject to any externally imposed capital requirements for the financial years ended 30 June 2018 and 30 June 2017.

40. SEGMENT INFORMATION

The Group has only one operating segment, property development and investment, which is evaluated regularly by management in deciding how to allocate resources and in assessing performance of the Group.

Investment holding segment which comprises Group-level corporate services, treasury and secretarial functions which are not directly attributable to the property development and investment segment, is not significant to be separately reported and evaluated by management.

Geographically, the main business segments of the Group are concentrated in Malaysia and Singapore. The geographical segment information is as follows:

	Revenue		Non-current assets	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysia	**328,915**	367,916	**861,084**	860,123
Singapore	**-**	-	**15**	13
	328,915	367,916	**861,099**	860,136

Assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2018 RM'000	2017 RM'000
Property, plant and equipment	**35,559**	36,597
Investment properties	**49,300**	48,100
Land held for property development	**704,474**	704,843
	789,333	789,540

Notes

Form of Proxy

I/We *(full name as per NRIC/company name in block letters)* ______________________________

____

NRIC/Company No. *(New)* ______________________ *(Old)* ______________________

CDS Account No. *(for nominee companies only)* ______________________ Tel. No. ______________

of *(full address)* ______________________________

____

being a member of **YTL Land & Development Berhad** hereby appoint *(full name as per NRIC in block letters)*

____

NRIC No. *(New)* ______________________ *(Old)* ______________________

of *(full address)* ______________________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 78th Annual General Meeting of the Company to be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Wednesday, 12 December 2018 at 3.00 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping		
2.	Re-election of Dato' Yeoh Seok Kian		
3.	Re-election of Dato' Yeoh Seok Hong		
4.	Approval of the payment of Directors' fees		
5.	Approval of the payment of meeting attendance allowance to Non-Executive Directors		
6.	Approval of the payment of Directors' benefits		
7.	Re-appointment of Messrs Ernst & Young as Company Auditors		
8.	Approval for Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman to continue in office as Independent Non-Executive Director		
9.	Approval for Dato' Cheong Keap Tai to continue in office as Independent Non-Executive Director		
10.	Approval for Eu Peng Meng @ Leslie Eu to continue in office as Independent Non-Executive Director		
11.	Authorisation for Directors to Allot and Issue Shares		
12.	Proposed Renewal of Share Buy-Back Authority		
13.	Proposed Renewal of Shareholder Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") and Proposed New Shareholder Mandate for Additional RRPT		

Number of shares held

Signed this ______________ day of ______________ 2018 Signature ______________

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Notes:-

1. A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, 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.
2. This original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting. Facsimile transmission of such documents will not be accepted.
3. In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.
4. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.
5. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2018. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2018 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for YTL Land & Development Berhad's 78th AGM
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

First fold here

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