Malpac Holdings Berhad
(197424-V)

ANNUAL REPORT 2018

CONTENTS

MALPAC
Malpac Holdings Berhad
(197424-V)

NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of the Company will be held at Royal Selangor Club Kiara Sports Annexe, Bukit Kiara Sports Annexe, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 28 November 2018 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon. **Please see Note 2**

2. To approve the payment of Directors' fees of RM60,000.00 for the financial year ended 30 June 2018. **Resolution 1**

3. To approve the payment of Directors' benefits of up to RM356,300.00 for the period from 29 November 2018 till the next Annual General Meeting of the Company. **Please see Note 3** **Resolution 2**

4. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association:- **Please see Note 4**

   (i) Mr Gan Teck Chong @ Gan Kwan Chong; and **Resolution 3**
   (ii) Encik Johari Low Bin Abdullah **Resolution 4**

5. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. **Please see Note 5** **Resolution 5**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following resolutions:-

6. **ORDINARY RESOLUTION**
   AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **Please see Note 6**

   "THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company, Main Market Listing Requirement ("MMLR") Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes and to such person or persons whomsover as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also authorised to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting." **Resolution 6**

7. **ORDINARY RESOLUTION**
   PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES **Please see Note 7**

   "THAT, subject always to the Companies Act 2016 ("Act"), the provisions of the Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase 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 interest of the Company provided that:- **Resolution 7**

   (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

(ii) an amount not exceeding the Company's audited retained profits at the time of purchase(s) will be allocated by the Company for the purchase of its own shares; and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or to deal with the treasury shares in any other manners as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the MMLR and any other relevant authority for the time being in force.

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and will continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase(s) with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter in accordance with the Act, the provisions of the Articles of Association of the Company and the requirements and/ or guidelines of Bursa Securities for the MMLR and all other relevant governmental and/or regulatory authorities."

8. **ORDINARY RESOLUTIONS**
CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS **Please see Note 8**

(i) "THAT subject to the passing of Resolution 4 above, approval be and is hereby given to Encik Johari Low Bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **Resolution 8**

(ii) "THAT approval be and is hereby given to Encik Muhayuddin Bin Musa who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **Resolution 9**

9. To consider any other business of which due notice shall have been given.

By Order of the Board,

WONG WAI FOONG (MAICSA 7001358)
NG BEE LIAN (MAICSA 7041392)
YAP SIT LEE (MAICSA 7028098)
Company Secretaries

Kuala Lumpur
29 October 2018

NOTES:-

1. APPOINTMENT OF PROXY

(a) A proxy need not be a Member of the Company.

(b) To be valid, the form of proxy, duly completed must be deposited at the Registered Office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

(c) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.

(d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proxies shall not be valid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

(f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(g) Only members whose names appear in the Record of Depositors as at 19 November 2018 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only. They do not require shareholders' approval and hence, will not be put forward for voting by shareholders of the Company.

3. PAYMENT OF DIRECTORS' BENEFITS

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The proposed Resolution 2, if approved will authorise the payment of Directors' Benefits comprises allowance and other emoluments/benefits payable to the Chairman and the Non-Executive Directors. The current board remuneration policy is set out below:

DESCRIPTION	RM
Monthly allowance (per month)	1,000.00
Meeting allowance (per Board of Directors meeting)	1,500.00
Other Benefits	Medical and health care coverage; Business Travel and Accommodation and other benefits

Note: The Group's Executive Directors do not receive the above said Directors' Benefits other than those specified in the service contract of the respective Executive Director of the Group.

The estimated amount from 29 November 2018 until the next annual general meeting in 2019 is RM356,300.00. In the event that the proposed Directors' Benefits are insufficient, approval will be sought at the next annual general meeting for the shortfall.

4. RE-ELECTION OF DIRECTORS

Mr Gan Teck Chong @ Gan Kwan Chong and Encik Johari Low Bin Abdullah are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Annual General Meeting.

The Board of Directors ("the Board") has through the Nomination Committee, considered the assessment of the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Bursa Securities MMLR on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

The Board has also through the Nomination Committee conducted an assessment on Encik Johari Low bin Abdullah's independence and satisfied that he has complied with the criteria on independence prescribed by the Bursa Securities MMLR.

5. RE-APPOINTMENT OF AUDITORS

The Audit Committee ("AC") have assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs PKF as External Auditors of the Company for the financial year ending 30 June 2019. The Board has in turn reviewed the recommendation of the AC and recommended the same to be tabled for approval at the forthcoming 28th Annual General Meeting of the Company under Resolution 5.

6. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The proposed Resolution 6 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). As at the date of this Notice, the Company did not allot and issue any shares pursuant to the mandate granted to the Directors at the Twenty-Seventh Annual General Meeting held on 22 November 2017 as there were no requirement for such fund raising activities.

The proposed Resolution 6, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

7. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

The proposed Resolution 7, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 29 October 2018 in relation to the Proposed Renewal of Authority for Share Buy-Back for further details.

8. CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine years.

The Board of Directors had via the Nomination Committee assessed the independence of Encik Johari Low Bin Abdullah and Encik Muhayuddin Bin Musa and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(i) they have fulfilled the criteria under the definition on Independent Director as stated in the Bursa Securities MMLR and are therefore able to bring independent and objective judgment to the Board;

(ii) they have been with the Company for many years and are familiar with the Company's business operations, thus enabling them to contribute actively and effectively during deliberations or discussions at Board meetings;

(iii) their length of service on the Board does not in any way interfered with their exercise of independent judgement. They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees;

(iv) their vast experience in accounting, finance and banking and business management enables them to provide the Board, as the case may be, with pertinent expertise, skills and competence;

(v) they have continued to exercise their independence and due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their duties in the interest of the Company and shareholders; and

(vi) they have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

The proposed Resolutions 8 and 9, if passed, will enable Encik Johari Low Bin Abdullah and Encik Muhayuddin Bin Musa to continue to act as Independent Non-Executive Directors of the Company.

CORPORATE INFORMATION

Board Of Directors

Encik Muhayuddin Bin Musa *(Chairman)*	Independent Non-Executive Director
Mr Chew Loy Chee *(Deputy Chairman)*	Non-Independent Non-Executive Director
Mr Lim Hong Liang	Non-Independent Executive Director
Mr Kan Ah Chun	Non-Independent Executive Director
Mr Tan Chon Sing @ Tan Kim Tieng	Non-Independent Executive Director
Mr Gan Teck Chong @ Gan Kwan Chong	Non-Independent Non-Executive Director
Encik Johari Low Bin Abdullah	Senior Independent Non-Executive Director

Chief Executive Officer
Mr Ang Poo Guan

Audit Committee
Chairman: Encik Johari Low Bin Abdullah
Members: Encik Muhayuddin Bin Musa
Mr Gan Teck Chong @ Gan Kwan Chong

Remuneration Committee
Chairman: Encik Muhayuddin Bin Musa
Members: Encik Johari Low Bin Abdullah
Mr Gan Teck Chong @ Gan Kwan Chong

Nomination Committee
Chairman: Encik Johari Low Bin Abdullah
Members: Encik Muhayuddin Bin Musa
Mr Gan Teck Chong @ Gan Kwan Chong

Investment Committee
Chairman: Mr Lim Hong Liang
Members: Mr Tan Chon Sing @ Tan Kim Tieng
Mr Kan Ah Chun
Mr Ang Poo Guan

Risk Management Committee
Chairman: Mr Lim Hong Liang
Members: Encik Muhayuddin Bin Musa
Encik Johari Low Bin Abdullah

Company Secretary
Ms Ng Bee Lian (MAICSA 7041392)
Ms Wong Wai Foong (MAICSA 7001358)
Ms Yap Sit Lee (MAICSA 7028098)

Registered Office
Unit 30-01, Level 30, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : 03-27839191
Fax : 03-27839111

Principal Place Of Business
2nd Floor, No. 23, Jalan Kong Sang
70000 Seremban, Negeri Sembilan Darul Khusus
Tel : 06-7653816 & 7653836
Fax : 06-7653815

Auditors
PKF Malaysia
Accountants & Business Advisers (AF 0911)
Level 33, Menara 1MK
Kompleks 1 Mont' Kiara
No. 1, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Tax Consultant
PKF Tax Services Sdn Bhd
Level 33, Menara 1MK
Kompleks 1 Mont' Kiara
No. 1, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Solicitors
Logan Sabapathy & Co
Weng & Co
Leong & Partners

Share Registrar
Sectrars Management Sdn Bhd
Lot 9-7 Menara Sentral Vista
No. 150 Jalan Sultan Abdul Samad Brickfields
50470 Kuala Lumpur
Tel : 03-22766138
Fax : 03-22766131

Principal Bankers
CIMB Bank Berhad
Hong Leong Islamic Bank Berhad
Alliance Bank Malaysia Berhad

Stock Exchange Listing
Bursa Malaysia Securities Berhad Main Market
Stock Name : Malpac
Stock Code : 4936

Company Website
http://www.malpac.com.my

PROFILE OF BOARD OF DIRECTORS AND KEY MANAGEMENT

ENCIK MUHAYUDDIN BIN MUSA

Chairman

Encik Muhayuddin Bin Musa, Malaysian, male, aged 55, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 March 2005 and re-designated as Independent & Non-Executive Chairman on 14 August 2012. He is the Chairman of the Remuneration Committee and member of the Audit, Nomination and Risk Management Committees of the Company. He graduated with a Bachelor of Commerce (Hons) degree from the Carleton University, Ottawa, Canada. He started his career as a Financial Officer with Lembaga Letrik Negara ('LLN') (1985 – 1987). Thereafter, he joined the banking industry and has held various positions in both local and foreign banks. Subsequently, in 1993 he joined Federal Furniture Holdings (M) Berhad as Corporate Affairs Manager and Managing Director of a subsidiary of Federal Furniture Holdings (M) Berhad. En Muhayuddin is currently the Executive Director/Chief Executive Officer of Computer Forms (Malaysia) Berhad, a post he continues to hold till today since 1998.

Encik Muhayuddin attended all the four (4) Board Meetings held in the financial year ended 30 June 2018.

MR CHEW LOY CHEE

Deputy Chairman

Mr Chew Loy Chee, Singaporean/Malaysian Permanent Resident, male, aged 82, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board as Deputy Chairman on 31 May 1990. He was engaged in the commercial banking sector for twenty years prior to being involved in the stockbroking industry and was a member of the KLSE (now known as Bursa Malaysia) from 1976 to 2001. He started as a senior partner of a stockbroking firm in Seremban from 1976 to March 1987. The firm was converted into a private limited company in April 1987 and he was appointed a director of the company till to date. The stockbroking business of the company was disposed to a third party in 2001. He served as a remisier in the new stockbroking outfit from 2001 to October 2016. He also sits on the Board of several other companies within the Malpac Group.

Mr. Chew attended three (3) out of four (4) Board Meetings held in the financial year ended 30 June 2018. To prouds details of quanlification.

MR TAN CHON SING @ TAN KIM TIENG

Mr Tan Chon Sing @ Tan Kim Tieng, Malaysian, male, aged 79, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He is a member of the Investment Committee of the Company. He graduated from Nanyang University in 1963 with a Bachelor of Commerce degree and was a banker for eleven years before joining the stockbroking industry in 1976 as Manager in a stockbroking firm in Seremban which was converted into a private limited company in 1987 and he was duly appointed a director of the company. The stockbroking business was disposed to a third party in 2001 and his position was converted to that of a remisier in the new outfit till October 2017. His directorship in other public listed company is in Three-A Resources Bhd. He also sits on the Board of several other companies within the Malpac Group as well as a few other private limited companies.

Mr. Tan attended all the four (4) Board Meetings held in the financial year ended 30 June 2018.

MR GAN TECK CHONG @ GAN KWAN CHONG

Mr Gan Teck Chong @ Gan Kwan Chong, Malaysian, male, aged 71, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He is a member of the Audit, Remuneration and Nomination Committees of the Company. He has been in the stockbroking business for more than forty years. He commenced his career as a remisier in a stockbroking firm in Melaka and subsequently appointed as a partner of a stockbroking firm in Seremban. He was then appointed as director of the same stockbroking firm when it was converted into a private limited company in April 1987. The stockbroking business of the company was disposed to a third party in 2001 and his position was then converted to that of a remisier in the new outfit. He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative license under the Securities Industry Act, 1983.

Mr Gan attended all the four (4) Board Meetings held in the financial year ended 30 June 2018. To prouds details of quanlification.

MR LIM HONG LIANG

Mr Lim Hong Liang, Malaysian, male, aged 59, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 16 October 1990. He is the Chairman of the Investment and Risk Management Committees of the Company. He holds a Bachelor of Commerce (Accounting) and Master of Commerce from University of New South Wales, Sydney. Before joining Malpac, he was employed in the commercial banking sector for six years. He is a director of a public listed company, APB Resources Berhad and also sits on the Board of few other companies within the Malpac Group as well as several other private limited companies.

Mr Lim attended all the four (4) Board Meetings held in the financial year ended 30 June 2018.

MR KAN AH CHUN

Mr Kan Ah Chun, Malaysian, male, aged 65, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 10 September 1996. He is a member of the Investment Committee of the Company. After graduating from University of Malaya with a Bachelor of Science (Hons) Degree in 1977, he was attached to the teaching profession from 1978 to 1982. He then joined a commercial bank until 1996 when he joined Malpac Securities Sdn. Bhd. He also sits on the Board of a company within the Malpac Group as well as several other private limited companies.

Mr Kan attended three (3) out of four (4) Board Meetings held in the financial year ended 30 June 2018.

ENCIK JOHARI LOW BIN ABDULLAH

Encik Johari Low Bin Abdullah, Malaysian, male, aged 67, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 May 2007. He is also the Chairman of the Audit and Nomination Committees and a member of the Remuneration and Risk Management Committees of the Company. Encik Johari is a Fellow Member of The Institute of Chartered Accountants (England & Wales), the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of Mensa International. He was previously an auditor with Coopers Lybrand London and Deloitte Kuala Lumpur, Executive Director of Ambank Group, Group Managing Director of Berjaya Group Berhad, CEO of KFC Holdings (M) Berhad and Deputy Chairman of Anglo Eastern Plantations PLC. He is currently the Chairman of the Rockwills International Group, a leading estate planning group in Malaysia.

Encik Johari attended all the four (4) Board Meetings held in the financial year ended 30 June 2018.

NONE OF THE DIRECTORS HAS:

- Any family relationship with any other Director and/or major shareholder of Malpac Holdings Berhad.
- Any conflict of interest with Malpac Holdings Berhad.
- Any conviction for offences within the past five years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

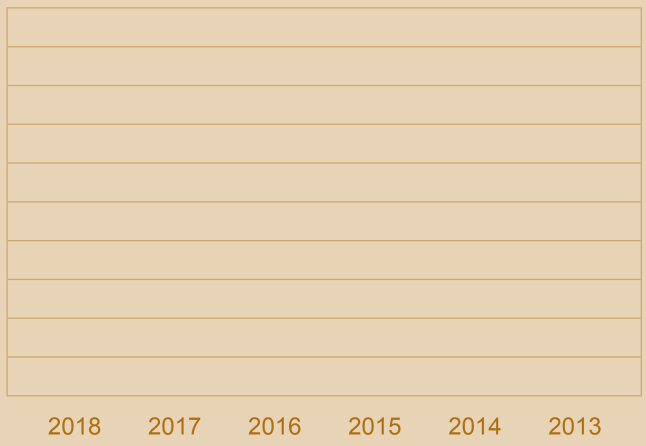
PROFILE OF KEY SENIOR MANAGEMENT

MR ANG POO GUAN
Chief Executive Officer

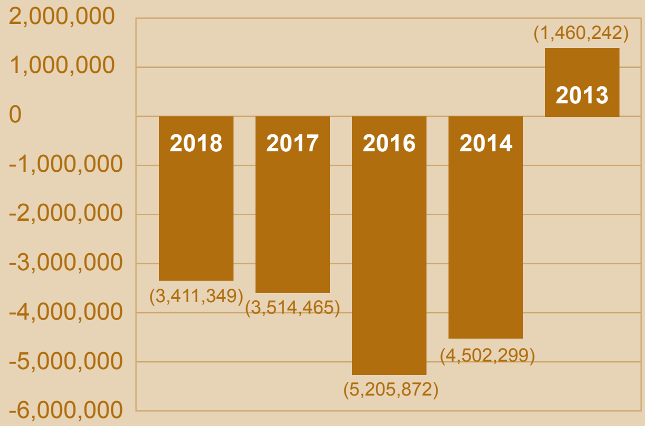
Mr Ang Poo Guan, Malaysian, male, aged 69, was appointed as Chief Executive Officer of Malpac Holdings Berhad on 1 March 2002. He also holds directorships in a few subsidiary companies of the Group. He is a member of the Investment Committee of the Company. He graduated from the University of Malaya in 1972 with a Bachelor of Agric. Sc. (Hon.) degree. He joined a plantation management company for a short stint before joining an agricultural development bank in 1973. In 1980 he joined a foreign commercial bank where he rose to the position of Senior Vice President. In 1996, he left the banking sector to join Malpac Management Sdn. Bhd., a subsidiary of Malpac Holdings Berhad, where he was appointed Chief Executive Officer cum Director. He is also a director of several private limited companies. Mr Ang holds 168,500 (0.22%) shares directly in Malpac Holdings Berhad. He does not have any family relationship with any director and/or major shareholder of Malpac Holdings Berhad, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years or any public sanction or penalty imposed by the regulatory bodies during the financial year.

GROUP FINANCIAL HIGHLIGHTS

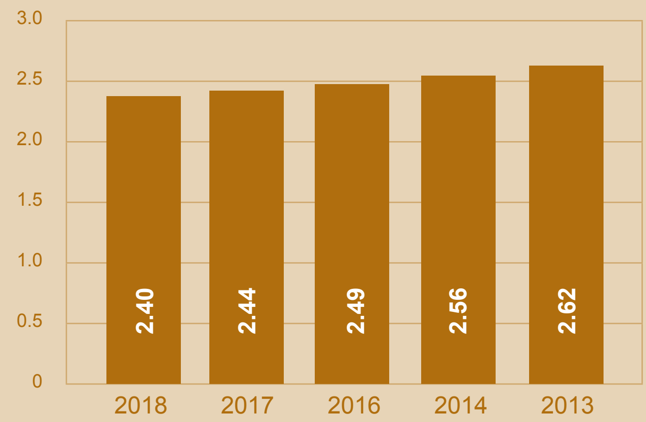
REVENUE
(Ringgit Malaysia)



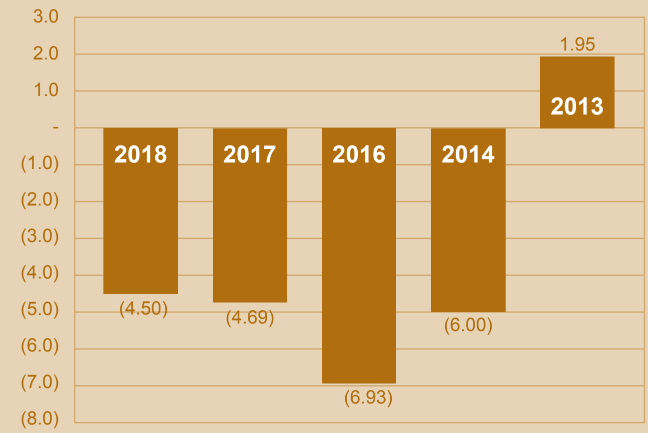
(LOSS) / PROFIT AFTER TAX
(Ringgit Malaysia)



NET ASSET PER SHARE
(Ringgit Malaysia)



BASIC EARNINGS PER SHARE
(SEN)



	2018 RM	2017 RM	2016 RM	2014 RM	2013 RM
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	-	-	-	-	-
EBITDA	(3,082,949)	(1,407,551)	(1,965,353)	(2,151,548)	3,989,389
(Loss)/Profit before tax	(3,405,059)	(3,514,208)	(5,382,532)	(4,507,835)	1,608,703
Profit after tax	(3,411,349)	(3,514,465)	(5,205,872)	(4,502,299)	1,460,242
Net (loss)/profit attributable to equity holders	(3,411,349)	(3,514,465)	(5,205,872)	(4,502,299)	1,460,242
STATEMENT OF FINANCIAL POSITION					
Total assets	221,595,903	218,853,137	194,930,148	200,572,287	204,455,605
Total liabilities	41,940,465	35,786,350	8,348,896	8,785,163	8,166,182
Shareholders' equity	179,655,438	183,066,787	186,581,252	191,787,124	196,289,424
FINANCIAL INDICATORS					
Return on equity (%)	(1.90)	(1.92)	(2.79)	(2.35)	0.74
Return on total assets (%)	(1.54)	(1.61)	(2.67)	(2.24)	0.71
(Loss)/Earnings per share (sen)	(4.50)	(4.69)	(6.94)	(6.00)	1.95
Net assets per share (RM)	2.40	2.44	2.49	2.56	2.62
Price earning (PE) ratio (times)	(21.11)	(28.17)	(23.09)	(30.00)	78.37
Share price as at the financial year/period end (RM)	0.95	1.32	1.60	1.80	1.63

The Group reported zero revenue generated from its oil palm businesses for the last five (5) financial years. Since July 2011, the Group had not received any plantation/mill rental payment. Following the dismissal of the Malpac Holdings Berhad's legal suit filed in the Kuala Lumpur High Court ("KLHC") in financial year 2017 and after much deliberation, the Board has decided to take an interim position to stop recognizing Malpac Capital Sdn Bhd ("MCSB")'s wholly-owned subsidiary – Radiant Response Sdn Bhd ("RRSB"), the registered owner of the plantation assets located in Teluk Intan, Perak as per 2017 Annual Report. The Board is appealing against the KLHC's decision to the Court of Appeal and hearing has been fixed on 4th and 5th March 2019.

For the profit and loss For Year Ended 30th June 2018 ("FYE 2018"), the Group recorded net loss of RM3.411 million for the current financial year or loss per share of 4.5 cent. The net loss is mainly attributed to (i) fair value loss on the Group's long-term equity investment of RM2.113 million, (ii) provision on post-judgement interest of RM762,142 and (iii) administrative expenses of the Group.

In the FYE 2018, the Group explored investments in several small investment properties locally and abroad. The total amount in investment properties increased in FYE 2018. The Group will continue to explore for viable and/or high yielding investment opportunities as part of the effort to rebuild the Group's core revenue.

ANTICIPATED RISKS

In light of the recent KLHC decisions and notwithstanding the appeals to the Court of Appeal, the Board is constrained to recognize that the Group is exposed to the significant legal risk of losing the plantation and mill. In compliance with the orders of the Ipoh High Court, MCSB was recently compelled to deliver all documents relating to its wholly-owned subsidiary RRSB to the purchasers. In the worst-case scenario, should the Group finally lose legal ownership of RRSB after exhausting all legal avenues, the Group may fall within the provisions of the Chapter 8.03A framework of the MMLR.

FORWARD LOOKING STATEMENT

The Group will continue to adopt highly prudent practices to protect the shareholder's best interest despite the uncertainties ahead. Demand for crude palm oil is expected to remain stable due to consumption growth and expansion of downstream applications of crude palm oil. The demand growth is however offset by higher number of mature estates particularly in Indonesia. It is expected that the crude palm oil price will remain resilient despite all the uncertainties and gloomy economic outlook. The property landscape is uncertain locally and abroad with oversupply of all types of properties. The Group believes selective property prices, especially the high-rise apartments and offices in Johor Bahru will be stagnant and/or experience material decline over the next few years.

In view of uncertainties facing the Group, the Board of Directors does not recommend any dividend pay-out for the financial year ended 30 June 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") hereby discloses the manner and the extent of which it has applied the principles and complied with recommended best practices set out in the Malaysian Code on Corporate Governance ("MCCG") and governance standards prescribed in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") throughout the financial year ended 30 June 2018. This Corporate Governance Overview Statement shall be read in conjunction with the Corporate Governance Report ("CG Report") which furnishes the detail application for each practice as set out in the MCCG.

A. BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board's Leadership on Governance and Objectives

The Board is responsible for the overall governance of the Group and discharges its responsibility through compliance with relevant rules, laws, regulations, directives and guidelines in addition to adopting the best practices in the MCCG. The Directors collectively combine their diverse experience and qualifications on commercial, regulatory, industry and financial expertise to discharge their duties and responsibilities.

1.1 Duties and Responsibilities of the Board

The Board's core responsibilities are to lead and manage the Group in an effective manner including developing strategic directions and objectives in line with the Group's business as a whole. The Board's core duties and responsibilities are as follow:

- Accountability to the shareholders: Looks into the interest of shareholders and relevant stakeholders for business directions and crucial decision making relating to the Group. The Board reviews the adequacy and the integrity of the Group's internal control system to ensure that all levels within the Group comply with the applicable laws, regulations, rules, directives and guidelines. The Board is also responsible to ensure that the communications both to and from shareholders and relevant stakeholders are effective;

- Set strategy and structure: The Board determines and reviews the overall strategic intent and the organization structure for the Group. The Board evaluates and makes collective decisions on the present and future opportunities, assesses threats and risks in the external environment and adjusts the positioning of the Group objectively;

- Internal control and delegate: Delegates certain authorities to the management, participates, monitors and evaluates the implementation of policies, strategies and business plans. The Board also oversees and evaluates the conduct of the Board members and the employees of the Group to ensure that the Group adheres to highest standards of ethics;

There are two (2) Independent Non-Executive directors on the Board, whereby these Independent Directors represent the minority shareholders' interest of the Malpac Group. The Independent Directors play a pivotal role in introducing objectivity to the Board's deliberations and decision-making. The Board has appointed Encik Muhayuddin Bin Musa, an Independent Non-Executive Director as the Chairman. The Chairman is primarily responsible to ensure effectiveness of the Board with the following tasks:

- Provide leadership to ensure the smooth functioning of the Board;
- Ensure positive culture and good corporate governance practices are inculcated;
- Ensure timely and necessary information is provided to the Board members; and
- Leading the Board meetings to ensure appropriate discussion takes place.

1.2 Board Meetings and Supply of Information to the Board

As mentioned above, the Board meetings are chaired by the Independent Non-Executive Chairman, Encik Muhayuddin Bin Musa, who has the responsibility of ensuring that each of the agenda items is adequately reviewed and thoroughly deliberated within a reasonable timeframe.

The meeting papers are furnished to the Board members at least five (5) working days prior to dates of meetings to ensure that the Directors have enough time and information to make an informed decision at each meeting. The Company however allows exceptional cases whereby the meeting materials are furnished to Board members of less than five (5) working days on urgent and for extraordinary matter(s), whereby there is insufficient time in collating relevant information and details. Upon conclusion of the meeting, the minutes are prepared and reviewed by the Chairman in a timely manner before circulation to the Board.

Senior management is invited to attend Board or Committee Meetings to present the financial performance, reports or other proposals affecting the business areas as at when and where necessary. The Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed, and the regulatory requirements are met. The Directors are also given access to seek independent professional advice when necessary at the Company's expense.

1.3 Board Charter

The Company has formalised a Board Charter which clearly set out the composition, roles and responsibilities of the Board, Board Committees and management. The Board Charter serves as a primary reference for Board members of their fiduciary duties as Directors and the functions of the Board Committees. The details of the Board Charter are available for reference on the Company's website at www.malpac.com.my.

1.4 Board Gender Diversity Policies

At present, there is no female director on the Board of the Company. The Board does not intend to make it mandatory to achieve 30% women directors in the Board as per the MCCG for large companies except as and when an opportunity arises. However, the Board in its gender diversity policy, supports the initiative to include female representation to achieve a more gender diversified Board. The Board agrees to give equal priority to female candidates who are competent, possess leadership qualities and meet the Group's minimum requirements to be considered for such appointment in the future.

1.5 Code of Conduct and Ethics

A formal Code of Conduct and Ethics has been developed to guide the Group's Directors and management towards achieving high standards of behaviour in our business dealings. For employees, they are required to adhere to the rules of conduct which is set out in the Code of Conduct and Ethics. The Code of Conduct and Ethics aims to instil good conduct, integrity and ensure good corporate practices among the Group's employees. The Code of Conduct and Ethics can be viewed on the Company's website at www.malpac.com.my.

1.6 Whistle-Blowing Policy

The Board acknowledges that misconduct and unethical behaviour such as contravention of laws, rules, regulations, money laundering, fraud, health and safety infringements or corruption are usually known first by people who work in or with the Group. The Group has put in place a Whistleblowing Policy and this policy forms an integral part of the Group's commitment towards providing a safe and ethical work environment, thus resulting in improving the overall effectiveness and success of the Group. Recognising that upholding these ethical standards requires confidence on the part of all directors, employees and stakeholders, and any issues of concern can be addressed transparently, fairly and truthfully and remedial action can be taken promptly. The policy can be viewed on the Company's Company's website at www.malpac.com.my.

1.7 Promoting Sustainability

The Board and management of Malpac are committed to business and environmental sustainability and social governance objectives as part of its responsibility to its stakeholders and the communities in which it operates. The Company is committed to ensure lawful, safe work practices and aims to provide an injury-free workplace for all its employees.

1.8 Qualified and Competent Company Secretaries

The Company Secretaries of the Company are qualified company secretaries under Section 235 of the Companies Act 2016. The Company Secretaries play an advisory role to the Board, particularly with regard to the Group's constitution and Board policies and procedures as well as compliance with relevant rules and regulations. The Company Secretaries record, prepare and circulate the minutes of the meetings of the Board and Board Committees on timely basis and ensures that the minutes are properly kept at the registered office of the Company and produced for inspection, if required.

2.0 Board Composition

The existing Board consists of seven (7) directors whereby two (2) or 28.6% are Non-Executive Independent Directors, two (2) or 28.6% are Non-Executive Non-Independent Directors and three (3) or 42.8% Executive Directors. Consequently, the constitution of the Independent Directors at the Company level is less than half (50%) and hence do not comply with the MCCG Practice 4.1 requirement. The Board and Nomination Committee are aware of such departure and are diligently identifying the right candidates, especially capable female candidate base on the criteria set out. Despite the departure of the said requirement, there is a balance of power and authority in the Board and the Board decisions are made objectively in the best interests of the Company and shareholders, taking into account diverse perspectives and constructive criticism and debates among the Directors.

2.1 Appointment to the Board

Appointment of new Director undertaken by the Board after considering the recommendations by the Nomination Committee. Nonetheless, there is no restriction imposed on the Board to identify suitably qualified candidates from independent sources.

2.2 Re-Election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors shall retire from office, at least once in three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments.

2.3 The Board Committees

The Board delegates certain authorities to five (5) Board Committees that operate under clearly defined written terms of reference and operating procedures duly approved by the Board. The various Committees report the outcome of their meetings to the Board which are then incorporated in the Board's minutes. The five (5) Board Committees are (i) Audit Committee, (ii) Nomination Committee, (iii) Remuneration Committee, (iv) Risk Management Committee and (v) Investment Committee.

2.4 Nomination Committee ("NC")

NC is setup to ensure that the Group follows the criteria set-out in 2.20A of MMLR in recruiting, retaining, training and developing the best available executive and non-executive, as well as directing and managing board renewal and succession effectively. The NC assess the contributions of each Director and Chief Executive Officer ("CEO") independently based on the nomination and election on an annual basis. For the financial year ended 30 June 2018, the Committee met once (1) and the composition of the NC and frequency of meetings of Committee are as follow:

Membership	Name	Attendance
Chairman Independent Non-Executive Director	Encik Johari Low Bin Abdullah	1/1
Member Non-Independent Executive Director	Mr. Tan Chon Sing @ Tan Kim Tieng (resigned on 6.11.2017)	N/A
Member Non-Independent Non-Executive Director	Mr. Gan Teck Chong @ Gan Kwan Chong (appointed on 6.11.2017)	1/1
Member Independent Non-Executive Director	Encik Muhayuddin Bin Musa	1/1

During the financial year ended 30 June 2018, the annual evaluation was done on 23 May 2018 and the NC had briefed the Board on the results on the following:

- reviewed the composition, effectiveness, mix of skills and experience of respective Board Committees of the Company to ensure its effectiveness;
- reviewed the re-election of retiring Directors to the Board pursuant to the Company's Articles of Association;
- assessed independence of each Independent Director by taking into their disclosed interests and based on the guidelines as set out in the MMLR;
- assessed the contribution of each Directors; and
- assessed the annual performance of CEO.

2.5 Remuneration Committee

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Directors and Senior Management. The Directors are not allowed to participate in discussions or decisions concerning their own remuneration packages. For the financial year ended 30 June 2018, the Committee met twice (2) and the composition of the Remuneration Committee and frequency of meetings of Committee are as follows:

Membership	Name	Attendance
Chairman Independent Non-Executive Director	Encik Muhayuddin Bin Musa	2/2
Member Non-Independent Non-Executive Director	Mr. Gan Teck Chong @ Gan Kwan Chong (appointed on 6.11.2017)	2/2
Member Non-Independent Executive Director	Mr. Lim Hong Liang (resigned on 6.11.2017)	N/A
Member Independent Non-Executive Director	Encik Johari Low Bin Abdullah	2/2

For the financial year ended 30 June 2018, the Remuneration Committee has completed the review and decided to adjust the remuneration packages of the Directors, Senior Management and bonus of the employees downwards as an interim measure to reflect the interim position of the Group's ongoing legal suits. The remuneration packages have also been revised in accordance to the fact that the Group has yet to secure significant revenue from new ventures.

2.6 Remuneration of Directors

The remuneration policies of the Company for Executive Directors is structured to link rewards to corporate and individual performance. As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive concerned. Details of remuneration received/receivable by Directors from the Company and the Group for the financial year ended 30 June 2018 are as follows:

	Fee (RM)	Salaries & Allowance (RM)	Other Emoluments, EPF & Benefits (RM)	Total (RM)
Company				
Executive Directors	36,000	316,000	83,592	435,592
Non-Executive Directors	24,000	169,000	24,547	217,547
Group				
Executive Directors	36,000	316,000	103,513	455,513
Non-Executive Directors	24,000	176,000	37,916	237,916

The Board recommends Directors' fee of RM36,000 for Executive Directors and RM24,000 for Non-Executive Directors to be payable for the financial year ended 30 June 2018 subject to shareholders' approval at the forthcoming AGM. The detailed remuneration of each Director for the financial year ended 30 June 2018 is tabulated as follow:

	Fees (RM'000)	Salary and Other Emoluments (RM'000)	Company (RM'000)	Benefits-in-Kind (RM'000)	Other Emoluments (RM'000)	Group Total (RM'000)
Non-Executive Directors						
Muhayuddin Bin Musa	-	39.50	39.50	-	-	39.50
Johari Low Bin Abdullah	-	39.50	39.50	-	-	39.50
Chew Loy Chee	12.00	56.75	68.75	-	-	68.75
Gan Teck Chong @ Gan Kwan Chong	12.00	57.80	69.80	13.37	7.00	90.17
Executive Directors						
Lim Hong Liang	12.00	217.31	229.31	13.37	-	242.68
Kan Ah Chun	12.00	90.11	102.11	-	-	102.11
Tan Chon Sing @ Tan Kim Tieng	12.00	92.17	104.17	6.55	-	110.72

2.7 Investment Committee

The Investment Committee is empowered to assist the Board to analyse, assess and to make decision on significant investment matters, of which include capital structuring, asset management, and investment transactions. The significant issues and actions deliberated and decided in the Committee are tabled to the Board for review and approval. The Investment Committee shall meet as and when required and shall adhere to approving authority stipulated in the terms of references strictly. There were three (3) meetings held during the financial year ended 30 June 2018 and the composition and attendance of the Committee are as follow:

Membership	Name	Attendance
Chairman Non-Independent Executive Director	Mr. Lim Hong Liang	3/3
Member Non-Independent Executive Director	Mr. Tan Chon Sing @ Tan Kim Tieng	3/3
Member Non-Independent Executive Director	Mr. Kan Ah Chun	3/3
Member Chief Executive Officer	Ang Poo Guan	3/3

2.8 Risk Management Committee

The Committee consists of Non-Executive and Executive Directors. The composition of the Risk Management Committee and the meeting held as at 30 June 2018 are as follow:

Membership	Name	Attendance
Chairman Non-Independent Executive Director	Mr. Lim Hong Liang	1/1
Member Independent Non-Executive Director	Encik Johari Bin Abdullah	1/1
Member Independent Non-Executive Director	Encik Muhayuddin Bin Musa	1/1

The role of the Risk Management Committee is to assist the Board to identify, evaluate and manage various risks and monitor these risks constantly to ensure that risk profiles are actively updated and effectively managed. The Risk Management Committee meets as and when required or at least once a year.

3.0 Independence of the Board

The role of the Chairman and the Executive Directors are segregated. The Chairman is primarily responsible for the Board effectiveness and conduct, whilst the Executive Directors together with the Chief Executive Officer are responsible for day to day running of business and implementation of Board collective decisions and policies. The Executive and Non-Executive Directors together ensure that the strategies proposed by the management are objectively evaluated and examined and the long-term interests of the shareholders are of the highest priority.

The Board through the Nomination Committee assesses the independence of the Independent Directors annually. Based on the assessment carried out during the financial year ended 30 June 2018, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company as well as ability to resolve problems based on clarity and understanding of all subject matters during deliberations at Board meetings.

It should be noted that both Independent Directors, Encik Johari Low Bin Abdullah and Encik Muhayuddin Bin Musa have served the Board for a cumulative term of more than nine (9) years. The Board therefore has made an assessment of their performance and concluded that:

(i) they have fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and are therefore able to bring independent and objective judgment to the Board;

(ii) they have been with the Company for many years and are familiar with the Company's business operations, thus enabling them to contribute actively and effectively during deliberations or discussions at Board meetings;

(iii) their length of service on the Board does not in any way interfered with their exercise of independent judgement. They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees;

(iv) their vast experience in accounting, finance and banking and business management enables them to provide the Board, as the case may be, with pertinent expertise, skills and competence;

(v) they have continued to exercise their independence and due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their duties in the interest of the Company and shareholders; and

(vi) they have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

3.1 Board Meetings

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board and Board Committee meetings for the financial year ended 30 June 2018, as set out in the table below:

	Board of Directors Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Investment Committee Meeting	Risk Management Committee Meeting
Muhayuddin Bin Musa	4/4	4/4	1/1	2/2	N/A	1/1
Chew Loy Chee	3/4	N/A	N/A	N/A	N/A	N/A
Lim Hong Liang	4/4	N/A	N/A	N/A	3/3	1/1
Tan Chon Sing @ Tan Kim Tieng	4/4	1/1	N/A	N/A	3/3	N/A
Gan Teck Chong @ Gan Kwan Chong	4/4	3/3	1/1	2/2	N/A	N/A
Kan Ah Chun	3/4	N/A	N/A	N/A	3/3	N/A
Johari Low Bin Abdullah	4/4	4/4	1/1	2/2	N/A	1/1

The Board meets at least once in every quarter and on other occasions, as and when necessary, to inter alia approve quarterly financial results, statutory financial statement, the annual report, business plans as well as to review the performance of the Company and its operating subsidiaries. Board papers are usually circulated to the Board members five (5) working days prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to have a proper deliberation on issues raised during Board meetings. All Directors have complied with the minimum requirement of 50% attendance at Board meetings as stipulated in the MMLR.

To ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold directorship at more than five (5) public listed companies (as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities) and must be able to devote sufficient time to the Company matters. The Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

3.2 Directors' Training & Education

During the FYE 2018, all Directors have completed the mandatory accreditation programme pursuant to the requirements of MMLR. The Board has assessed the training requirements for each Directors and recommended the training opportunities suitable for each Directors to continuously develop and maintain their skills and knowledge. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to effectively discharge their responsibilities and are encouraged to attend forums, training and seminars in accordance with their respective needs in discharging their duties as Directors. The Company Secretaries also provide updates to the Directors from time to time on relevant guidelines and regulatory requirements.

During the financial year ended 30 June 2018, the board members attended the following programmes:

Director	Courses/Seminars/Workshop attended
Johari Low Bin Abdullah	• New Companies Act • Cybersecurity
Chew Loy Chee Lim Hong Liang Kan Ah Chun Tan Chon Sing @ Tan Kim Tieng	• 2017 PLC Director's Training - Tax Audit, Investigation & Risks of Company's Directors
Muhayuddin Bin Musa	• CG Breakfast Series: Leading In A Volatile, Uncertain, Complex, Ambiguous (VUCA) World • CG Briefing Session: MCCG Reporting & CG Guide
Gan Teck Chong @ Gan Kwan Chong	• Market Professional Enrichment (MPE) Program • Battling Money Laundering & Terrorism Financing in Malaysia

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

1.0 Audit Committee

The Group's financial reporting and internal control system are overseen by the Audit Committee, which comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Audit Committee meets once quarterly. Additional meetings are held as and when required. The Audit Committee's meetings are always held before the Board's meetings. This is to ensure that all critical issues highlighted can be brought to the Board on a timely basis. For financial year ended 30 June 2018, the composition of the Audit Committee and meetings held are as follow:

Membership	Name	Attendance
Chairman Independent Non-Executive Director	Encik Johari Low Bin Abdullah	4/4
Member Independent Non-Executive Director	Encik Muhayuddin Bin Musa	4/4
Member Non-Independent Executive Director	Mr. Tan Chon Sing @ Tan Kim Tieng (resigned on 6.11.2017)	1/1
Member Non-Independent Non-Executive Director	Mr. Gan Teck Chong @ Gan Kwan Chong (appointed on 6.11.2017)	3/3

The terms of reference and summary of work carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 21 to 22 on this annual report.

1.1 Financial Reporting

The Board is responsible for ensuring that the financial statements prepared for each financial year presents a true and fair view of the state of affairs of the Company. The Board ensures that the Company's financial statements are drawn up in accordance with the provision of the Companies Act 2016 and applicable approved accounting standards. Audit Committee assists the Board in reviewing the appropriateness of the Company's accounting policies and the changes to these policies as well as ensures the financial statements comply with the accounting standards and other regulatory requirements. The Statement of Director's responsibilities is set out annually in the Annual Report.

The Audit Committee undertakes an annual assessment of the suitability and independence of the External Auditors. The Audit Committee meets with the External Auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements. Such meetings are held without the presence of the Executive Director and Management of the Group. This encourages a greater exchange of independence and open dialogue between both parties.

The Audit Committee also annually reviews the suitability and effectiveness of the External Auditors by assessing its audit plan, proposed fees and the feedback from the financial personnel of their dealings with External Auditors during the financial year. Being satisfied with the performance of the External Auditors, the Audit Committee will recommend their re-appointment to the Board and shareholders' approval will be sought at the forthcoming AGM.

1.2 Statement on Directors' Responsibility

This statement is made pursuant to paragraph 15.26(a) of Main Market Listing Requirements. The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company for the financial year ended 30 June 2018.

In preparing the financial statements, the Directors have:

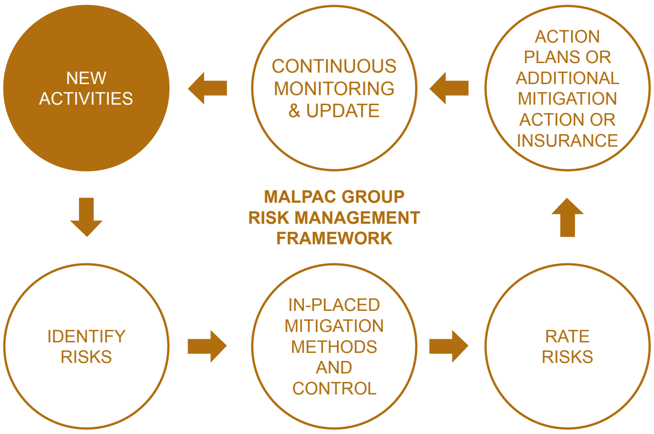
- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

2.0 Risk Management and Internal Control Framework

The Board is fully aware of its responsibility to institute the risk management and internal control mindset into every level of employees and Directors of the Group to safeguard and enhance the value of shareholders. The risk management and internal control system are designed to manage and mitigate the risks that may impede the achievement of the Group's business objectives.

The Board has established a framework to formulate and review risk management policies and risk strategies. The Board embedding risk management in all levels within the Group with the assistance of the Risk Management Team which is made up of the CEO and the Executive Directors. The Risk Management Committee has established the framework of processes for identifying, evaluating and managing the risks faced by the existing businesses and the new investments of the Group. The said framework is illustrated as follow:



The Risk Management Team consults with the consultants like solicitors, insurance brokers and meet annually as well as on the need basis to discuss the key risks and evaluate the respective appropriate risk mitigation controls.

2.1 Internal Audit

The Company has engaged the services of an independent professional firm, namely, IA Essential Sdn. Bhd. to provide much of the assurance regarding the adequacy and integrity of the Group's system of internal controls. Their principal role is to provide independent assurance on the adequacy and effectiveness of governance and internal control processes. The report of the internal audit is tabled for the Audit Committee's review and comments, and the audit findings will then be communicated to the Board. Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

C. INTEGRITY IN CORPORATE REPORTING & RELATIONSHIP WITH STAKEHOLDERS

1.0 Corporate Disclosure Policy

The Board is committed in ensuring that communications to the investing public, regarding the business and the financial performance of the Company, are factual, accurate, transparent, timely, informative and consistent. The Company comply with all the disclosure requirements stipulated in the Corporate Disclosure Guide issued by Bursa Malaysia as well as all the requirements of the Securities Commissions.

1.1 Effective Relationship with Shareholders

The Board encourages shareholder participation at the AGM. Notice of the AGM which is contained in the Annual Report is sent out at least twenty-eight (28) days prior to the date of the meeting. The AGM serves as a principal forum for dialogue and interaction with all shareholders who are encouraged to participate in a question and answer session. The Chairman of the meeting or the CEO will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries. The Company adopted electronic polling at the last AGM to encourage a smoother flow of the meeting proceedings.

The Board is committed to maintaining effective communication with its shareholders, stakeholders and the public in general. Investors and members of the public who wish to seek clarification on any matters pertaining to their shareholdings or investments can contact the person as stated on the Company's website at www.malpac.com.my.

COMPLIANCE STATEMENT

The Board has reviewed, deliberated and viewed that the Group has in the financial year ended 30 June 2018 complied with the practices of the MCCG except where it was specifically stated otherwise.

OTHER INFORMATION

1. Material contracts

There were no material contracts entered by the Company and/or its subsidiaries which involve Directors', Chief Executive's and major shareholders' interests, either still subsisting at the financial year ended 30 June 2018 or which were entered into since the end of the previous financial year.

2. Audit and non-audit fees

The details of fees paid/payable to the external auditors and its affiliated company by the Group and the Company for the financial year ended 30 June 2018 as set out below:

	Group (RM)	Company (RM)
Statutory audit	45,000	26,000
Other services	5,000	5,000
Total	50,000	31,000

SUSTAINABILITY STATEMENT

Care for the Environment

The Board of Directors set the tone that all Malpac Board members and employees shall be committed to minimize waste as much as possible. The Group promotes "shared economy" and practice zero wastage on electricity, minimizing printing of documents, sharing of newspapers and magazines to and highly encourage our employees to take public transport to the workspace. The Board also discourage employees for wasting food and buy unneeded items to reduce waste as well as to save more money during the rainy days. The Board strongly discourage the Group, any of their Board members and the employees to do anything harmful to the environment. The Group also prefers to deal with stakeholders who share the same practices and/or culture to ensure that there waste could be minimized and everyone can do their parts to contribute towards a sustainable environment.

Enhancing Governance and Training across the Group

With diverse investments, Malpac has to maintain good Corporate Governance to instil confidence among its stakeholders. The Board is ultimately responsible for the governance and compliance of the various policies and procedures of all our employees. The Board constantly promotes the following:

1. Life-long continuous learning for all Board members and employees to acquire new skills to be part of the cross-functional team of the Malpac Group;
2. Self-enrichment by reading more educational magazines and/or materials that could improve the Board members and employees' knowledge on the ever changing global business environment;
3. Adhering to the Group's Code of conduct and ethics;
4. To be guided by highest moral values when deal with fraud and any risk management events;
5. To comply with all bylaws and do not ever intend to collect or to pay bribe to any government officers, stakeholders or business partners in order to secure any business deals;

The Board's objectives are to train and to motivate the employees to be proactive and to develop their survival skills not limited within the Malpac group of companies but to be socially independent in the ever changing environment.

Contribution to the Society

In view of the current financial position of the Group which has been reporting zero revenue and losses over the last few years, no formal charitable programmes have been put in place. However the Directors are fulfilling their social responsibility obligations on a personal basis.

AUDIT COMMITTEE REPORT

INTRODUCTION

Pursuant to Paragraph 15.15 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR), the Board of Directors of Malpac Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2018.

COMPOSITION

The Audit Committee comprises the following members: -

Membership	Name	Attendance
Chairman Independent Non-Executive Director	Encik Johari Low Bin Abdullah	4/4
Member Independent Non-Executive Director	Encik Muhayuddin Bin Musa	4/4
Member Non-Independent Executive Director	Mr. Tan Chon Sing @ Tan Kim Tieng (resigned on 6.11.2017)	1/1
Member Non-Independent Non-Executive Director	Mr. Gan Teck Chong @ Gan Kwan Chong (appointed on 6.11.2017)	3/3

The Audit Committee comprised three (3) members who were exclusively Non-Executive Directors with a majority of them being Independent Non-Executive Directors. It fulfilled the requirements of paragraph 15.09(1)(a) and (b) of the MMLR. The Chairman of the Audit Committee, Encik Johari Low Bin Abdullah, is a Fellow of the Institute of Chartered Accountant (England & Wales) and a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants (MIA). Accordingly, this complies with paragraph 15.09(1)(c) of the MMLR.

AUTHORITY

The Audit Committee is authorised by the Board to independently investigate any matters within its Terms of Reference and shall have full and unrestricted access to information pertaining to the Group, from the Internal and External Auditors, Management and all employees in carrying out its duties. The Terms of Reference of the Audit Committee has been revised on 23 May 2018 and can be viewed on the Company's website at http:// www.malpac.com.my.

MEETINGS

During the FYE 2018, the Audit Committee held four (4) meetings. The Chairman and Encik Muhayuddin Bin Musa attended all the four (4) meetings and Mr Tan Chon Sing @ Tan Kim Tieng attended one (1) meeting. Mr. Tan resigned as a member of the Committee when he was appointed as a Non-Independent Executive Director and Mr Gan Teck Chong @ Gan Kwan Chong has been appointed as member of the Committee. Mr. Gan attended three (3) meetings held during FYE 2018.

Each Audit Committee meeting is scheduled in advance and has been conducted with proper meeting proceedings. Meeting notice, previous minutes of Audit Committee meeting and quarterly financial results are circulated to the Audit Committee members at least five (5) days prior to the meeting. At each quarterly meeting, the Chief Executive Officer, Mr. Ang Poo Guan was invited to present the quarterly financial results and related party transactions as well as conflict of interest situation that may arise within the Group and the Company, and at the same time to provide clarification on issues which may be raised by the Audit Committee members. The Audit Committee assessed the results and issues presented independently with the absence of the Executive Directors.

As and when required, the Internal Auditors were required to report the outcome of their internal audit to the Audit Committee, the External Auditors were invited to present their Audit Plan, Audit Review Memorandum and draft Audited Financial Statements. The Audit Committee Chairman presented to the Board the Audit Committee's report consisting of recommendations and other significant concerns for Board's discussion and approval. The Company Secretary shall be the Secretary to the Audit Committee and shall maintain minutes of the proceedings of the meeting.

SUMMARY OF WORK

The Audit Committee has discharged its functions during the financial year ended 30 June 2018 as follows:

a) Financial Reporting

- Reviewed the Group's quarterly unaudited results and audited financial statements which were recommended for the Board's adoption prior to the announcement/submission to Bursa Securities focusing particularly on:
- changes in or implementation of major accounting policy.
- significant and unusual events.
- compliance with accounting standards and other legal requirements.
- compliance with Bursa Securities' MMLR, Companies Act 2016 and other regulatory requirements.
- Reviewed the audited financial statements and recommended the adoption of the financial statements.

b) Internal Audit

- Reviewed with the internal auditors and reported to the Board on the following matters:
- the internal audit's audit plan, scope of work and its finding at half year basis, and to highlight to the Board on any material finding.
- the adequacy of the internal controls procedures and operational controls.
- the major findings of internal audit reports and their recommendations relating thereto as well as the management response to ensure that appropriate and adequate remedial action were taken by the Management.

c) External Audit

- Reviewed with the external auditors and report to the Board on the following matters:
- their audit plan, which outlines their scope of work and proposed fees for the statutory audit.
- the audit review reports and highlighted all significant issues.
- Assessed the suitability and independence of the External Auditors and make recommendations to the Board for their re-appointment.
- Meeting with the External Auditors in the absence of the Executive Directors and Management.
- Evaluated the audit fees payable to the external auditors.

d) Recurrent Related Party Transactions ("RRPT")

- Reviewed the related party transactions and any conflicts of interest that may arise within the Company and the Group.

e) Others

- Reviewed the progress and status of the on-going material litigation including engaging in discussions with the Company's solicitors.
- Reviewed the Audit Committee Report and Statement on Risks Management and Internal Control prior to their inclusion in the Annual Report.

WORK DONE ON THE INTERNAL AUDIT FUNCTION

The Board recognises the importance of the internal audit function and the independent status required for carrying out their function effectively. For the FYE 2018, the internal audit function of the Company was outsourced to an external service provider, namely, IA Essential Sdn. Bhd.

During the financial year, the outsourced internal audit function assisted the Audit Committee in discharging its duties and responsibilities by executing independent reviews to ensure the adequacy and effectiveness of the internal control systems of the Group.
The work done of the internal audit function for the financial year ended 30 June 2018 included the following:

a) Conducting internal audit reviews in accordance with the internal audit plan approved by the Audit Committee;

b) Reporting the results of internal audit and making recommendations for improvements to the Audit Committee on a periodic basis.

During the financial year, two (2) internal audit reports were issued on various units of the Group covering bank balances, investments and capital expenditure. The internal audits conducted did not reveal any weaknesses in the internal control system that would result in material losses, contingencies or uncertainties which are necessary to be disclosed in the Annual Report.

The cost incurred for the internal audit function in respect of the financial year was RM12,732.29.

Board Responsibility

The Board affirms its responsibilities for a sound system of internal control, quality risk management practices and for reviewing the Group's adequacy and integrity in these systems. The principal function of the internal control system is intended to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objective. Given that the Group has ceased its operating in oil palm cultivation activities in the Year 2011, and that has remain as an investment holding company, the Board has considered that the current system of internal control is sufficient to manage significant risk face by the Group business operation. The Board ensures that the effectiveness and integrity of the risk management and internal control system are reviewed on an ongoing basis and is of the view that the system in place is sound and sufficient to safeguard the Group's assets. The Board also acknowledges that these systems are designed to ensure that risks are identified and managed at acceptable levels rather than to eliminate such risks. Hence, systems can only provide reasonable but not absolute assurance against financial losses or uncertainties.

Risk Management

The Board regards risk management as an integral part of the Group's business operations and has established a Risk Management Committee ("RMC") that comprises the Executive Non-Independent Director and Non-Executive Independent Directors. The RMC identifies and communicates to the Audit Committee and the Board the present and potential critical risks the Group faces, their changes and the management action plans to manage these risks. The RMC has established a risk assessment process to identify, evaluate and manage the significant risks faced by the Group. Key risks identified are scored for the likelihood of the risks occurring and magnitude of its impact. Risk assessment, monitoring and review of the various risks faced by the Group are a continuous process within the key operating units with the RMC playing a pivotal oversight function. The RMC convenes on an annual basis to review the key risks profiles and report to the Audit Committee. Reviews are conducted annually or as and when necessary by RMC to determine the existence of a new risk and whether the risks previously identified remain relevant.

Internal Control

The outsourced internal auditors are engaged to assist the Board and Audit Committee in providing an independent assessment of adequacy, efficiency and effectiveness of the Group's internal control system. They have on a semi-annual basis assessed the adequacy and effectiveness of the Group's system of internal control and compliance frameworks and have subsequently reported their findings to the Audit Committee. The Audit Committee reviewed the internal audit reports and informed the Board on the adequacy and effectiveness of the Group's system of internal control. The Group's system of risk management and internal control mainly applies to its operating units and does not cover the dormant companies. The key elements of the Group's internal control system are: -

- Organisation structure with clearly defined lines of authority and the appropriate levels of delegation.
- Policies and procedures are clearly communicated to all staff members.
- Quarterly financial reports are provided to Directors and discussed at Audit Committee and Board meetings;
- The RMC would discuss the possible risk areas on the Group's operational and management issues as and when necessary and report to Audit Committee;
- Internal audit function outsourced to an independent advisory firm with its audit plan approved by the Audit Committee to assess the adequacy of internal control, the extent of compliance with policy and procedures as well as advising management on areas for improvement;
- The Audit Committee convenes meeting on a quarterly basis to deliberate on the findings and recommendation for improvements by the Internal Auditors and External Auditors. The Audit Committee reviews the action taken to rectify the findings in a timely manner and to evaluate the effectiveness and adequacy of the Group's internal control system;
- The CEO oversees the Group's operations and internal controls and reports to the Board on the key risks;
- All major decisions are subject to detailed appraisal and review. The Board receives comprehensive information covering all decisions within the group on a quarterly basis.

The Board, together with the management will, when necessary put in place appropriate action plans to further enhance the Group's risk management and internal control system. For the financial year ended 30 June 2018 under review, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified nor would require separate disclosure.

Adequacy & Effectiveness of the Risk Management & Internal Control System

The Board has received assurance from the Chief Executive Officer and Finance Manager that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. It is of the view that the risk management and internal control system are satisfactory and no material internal control failures resulted in material losses or contingencies during the financial year under review.

Review of the Statement by External Auditors

The external auditors, Messrs PKF, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2018 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

FINANCIAL STATEMENTS

MALPAC
Malpac Holdings Berhad
(197424-V)

DIRECTORS' REPORT

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

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out Note 11 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

Results

	Group RM	Company RM
Loss for the financial year	3,411,349	377,731

Reserves and provisions

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the financial year ended 30 June 2018.

Directors

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

Chew Loy Chee
Tan Chon Sing @ Tan Kim Tieng
Gan Teck Chong @ Gan Kwan Chong
Lim Hong Liang
Kan Ah Chun
Muhayuddin Bin Musa
Johari Low Bin Abdullah

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who already listed above are:

Ang Poo Guan
Lee Chee Seong

Directors' interests in shares

The shareholdings in the ordinary shares of the Company of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act, 2016 in Malaysia are as follows:

	Number of ordinary shares			
	Balance as at 1.7.2017	Bought	Sold	Balance as at 30.6.2018
Direct interest				
Chew Loy Chee	3,152,188	-	-	3,152,188
Tan Chon Sing @ Tan Kim Tieng	10,315,393	-		10,315,393
Gan Teck Chong @ Gan Kwan Chong	3,917,303	-	-	3,917,303
Lim Hong Liang	14,304,008	134,000	-	14,438,008
Kan Ah Chun	2,279,960	-	-	2,279,960
Deemed interest				
Chew Loy Chee*	360,000	-	-	360,000
Tan Chon Sing @ Tan Kim Tieng*	2,209,300	-	-	2,209,300
Gan Teck Chong @ Gan Kwan Chong*	4,460,800	-	-	4,460,800
Lim Hong Liang**	3,691,900	-	-	3,691,900

* Deemed interested through spouse
** Deemed interested through a corporation in which the director has substantial financial interest

By virtue of Chew Loy Chee's, Tan Chon Sing @ Tan Kim Tieng's, Gan Teck Chong @ Gan Kwan Chong's, Lim Hong Liang's and Kan Ah Chun's interests in ordinary shares of the Company and pursuant to Section 8 of the Companies Act, 2016 in Malaysia, they are also deemed interested in the ordinary shares of the subsidiaries to the extent the Company has an interest.

The other directors in office as at the end of the financial year had no interest in the ordinary shares of the Company and its related corporations during the financial year, according to the register required to be kept under Section 59 of the Companies Act, 2016 in Malaysia.

Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in aggregate amount of emolument receive or due and receivable by the directors as disclosed in the financial statement) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for those disclosed in Note 23 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' remuneration

Directors' remuneration including directors' fee of the Group and of the Company amounted to RM693,429 and RM653,139 respectively as disclosed in Notes 3 and 5 to the financial statements.

Indemnity and insurance for director, officer and auditor

There was no indemnity given to or insurance effected for any director, officer of auditor of the Group and of the Company.

Issue of shares and debentures

There were no changes in the share capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

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

Other statutory information

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

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

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent; or

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

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

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

No contingent liability or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Details of significant events are disclosed in Note 30 to the financial statements.

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

The remuneration of auditors of the Group and of the Company amounted to RM45,000 and RM26,000 respectively as disclosed in Note 3 to the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the directors dated 17 October 2018,

TAN CHON SING @ TAN KIM TIENG

GAN TECK CHONG @ GAN KWAN CHONG

Kuala Lumpur

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016 IN MALAYSIA

In the opinion of the Directors, the accompanying financial statements as set out on pages 34 to 82 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of financial positions of the Group and of the Company as at 30 June 2018 and of their financial performances and their cash flows for the financial year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the directors dated 17 October 2018,

TAN CHON SING @ TAN KIM TIENG

GAN TECK CHONG @ GAN KWAN CHONG

Kuala Lumpur

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016 IN MALAYSIA

I, TAN CHON SING @ TAN KIM TIENG, being the director primarily responsible for the financial management of MALPAC HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 34 to 82 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, 2016 in Malaysia.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in Wilayah)
Persekutuan on 17 October 2018)

TAN CHON SING @ TAN KIM TIENG

Before me,

KAPT. (B) JASNI BIN YUSOFF (W465)
Commissioner for Oaths

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MALPAC HOLDINGS BERHAD, which comprise the statements of financial position as at 30 June 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 34 to 82.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2018, and of their financial performances and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Provision for legal claims
(Refer to Notes 1(d)(xi), 2(p), 19 and 29 to the financial statements)

During the financial year, the Directors had provided additional provision for legal claims of RM762,142 and thus, the total provision had made up to RM32,137,820 as at 30 June 2018. The provision was made in respect of the High Court's decision on 31 May 2017 against the Company, the Board of Directors, its Chief Executive Officer and Malpac Capital Sdn. Bhd. (its subsidiary) for tort of abuse of process and also the tort of conspiracy to injure the Purchasers.

We focused on this area because significant judgements are made by the Directors of the Company in estimating the possibility of an outflow of resources embodying economic benefits and the amount required to settle the obligation.

Our audit procedures included:

- obtained solicitors' confirmation letter provided by the Group's solicitors;
- direct communication with the Group's solicitors to obtain clarification and understanding on the legal opinion provided in the solicitors' confirmation letter;
- reviewed legal correspondence letters;
- reviewed and discussed with the management the reasonableness of the assumptions made; and
- tested the mathematical calculation of the estimated provision amount.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors are responsible for the other information. The other information comprises the Management Discussion and Analysis, Audit Committee Report, Statement on Corporate Governance, Statement on Risk Management and Internal Control and Directors' Report but does not included 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 identified and, in doing so, consider whether the information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

The Directors 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 Malaysian Financial Reporting Standards, International 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group or 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicate in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

2. The comparative figures were audited by another firm of auditors who expressed an unmodified opinion on those statements on 4 October 2017.

PKF
AF 0911
CHARTERED ACCOUNTANTS

NGU SIOW PING
03033/11/2019 J
CHARTERED ACCOUNTANT

Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue		-	-	-	-
Other income		4,417,939	33,987,998	1,343,076	1,505,679
Administrative expenses		(3,350,720)	(6,120,271)	(1,711,746)	(2,400,854)
Other operating expenses		(4,447,060)	(31,381,935)	(9,061)	(13,138)
Loss from operations		(3,379,841)	(3,514,208)	(377,731)	(908,313)
Finance cost		(25,218)	-	-	-
Loss before tax	3	(3,405,059)	(3,514,208)	(377,731)	(908,313)
Tax expense	6	(6,290)	(257)	-	(84)
Loss and other comprehensive loss for the financial year		(3,411,349)	(3,514,465)	(377,731)	(908,397)
Basic loss per share (sen)	7	(4.5)	(4.7)		
Diluted loss per share (sen)		(4.5)	(4.7)		

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	Group 2018 RM	Group Restated 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	8	116,835	196,627	9,386	17,375
Investment properties	9	66,092,517	56,459,647	-	-
Prepaid land lease payments	10	-	-	-	-
Investment in subsidiaries	11	-	-	166,981,515	166,981,515
Goodwill on consolidation	12	17,868	-	-	-
Other investments	13	12,256,801	14,369,868	-	-
		78,484,021	71,026,142	166,990,901	166,998,890
Current assets					
Trade and non-trade receivables	14	49,118,633	49,709,546	7,844,513	464,649
Tax recoverable		21,756	15,364	-	-
Other investments	13	5,551,700	9,094,421	-	-
Short-term cash investment	15	81,316,588	88,650,090	33,779,409	41,714,555
Fixed deposits placed with licensed banks	16	6,870,270	133,182	-	-
Cash and bank balances		232,935	224,392	86,069	101,438
		143,111,882	147,826,995	41,709,991	42,280,642
TOTAL ASSETS		221,595,903	218,853,137	208,700,892	209,279,532
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	99,366,593	99,366,593	99,366,593	99,366,593
Retained earnings	18	80,288,845	83,700,194	107,294,779	107,672,510
Total equity		179,655,438	183,066,787	206,661,372	207,039,103
Non-current liability					
Provisions	19	362,628	327,988	204,565	187,616
Current liabilities					
Non-trade payables	20	687,171	862,672	387,881	559,375
Provisions	19	35,114,987	34,595,690	1,447,074	1,493,438
Borrowing	21	5,772,075	-	-	-
Tax payable		3,604	-	-	-
		41,577,837	35,458,362	1,834,955	2,052,813
Total liabilities		41,940,465	35,786,350	2,039,520	2,240,429
TOTAL EQUITY AND LIABILITIES		221,595,903	218,853,137	208,700,892	209,279,532

STATEMENTS OF CHANGES IN EQUITY

◄ FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 ►

	Share capital RM	Share premium RM	Share earnings RM	Total equity RM
Group				
At 1 July 2016	75,000,000	24,366,593	87,214,659	186,581,252
Loss and other comprehensive loss for the financial year	-	-	(3,514,465)	(3,514,465)
Transition to no par value regime	24,366,593	(24,366,593)	-	-
At 30 June 2017	99,366,593	-	83,700,194	183,066,787
Loss and other comprehensive loss for the financial year	-	-	(3,411,349)	(3,411,349)
At 30 June 2018	99,366,593	-	80,288,845	179,655,438
Company				
At 1 July 2016	75,000,000	24,366,593	108,580,907	207,947,500
Loss and other comprehensive loss for the financial year	-	-	(908,397)	(908,397)
Transition to no par value regime	24,366,593	(24,366,593)	-	-
At 30 June 2017	99,366,593	-	107,672,510	207,039,103
Loss and other comprehensive loss for the financial year	-	-	(377,731)	(377,731)
At 30 June 2018	99,366,593	-	107,294,779	206,661,372

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM	Group Restated 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from operating activities					
Loss before tax		(3,405,059)	(3,514,208)	(377,731)	(908,313)
Adjustments for:					
Amortisation of prepaid land lease payments		-	1,648,701	-	-
Bad debt written off		-	3,845	-	-
Depreciation of investment properties		217,100	91,562	-	-
Depreciation of property, plant and equipment		79,792	366,394	7,989	9,242
Distribution income from unit trusts		(3,137,333)	(2,427,873)	(1,205,395)	(1,147,287)
Dividend income		(329,319)	(259,000)	-	-
Gain on redemption of short-term cash investments		(400,627)	(65,163)	(323,462)	(14,132)
Gain on disposal of other investments		(460,332)	(292,716)	-	-
Gain on disposal of property, plant and equipment		-	(3,950,349)	-	-
Gain on disposal of prepaid land lease payment		-	(21,696,438)	-	-
Impairment losses on amounts due from subsidiaries		-	-	9,061	11,104
Impairment losses on non-trade receivables		90,000	-	-	-
Interest expense		25,218	-	-	-
Interest income		(424,405)	(285,596)	(1,239)	(2,275)
Net fair value loss/(gain) on financial assets at fair value through profit or loss		3,933,083	(4,955,875)	195,329	(342,379)
Property, plant and equipment written off		-	2,412	-	2,033
Provisions		862,606	31,973,350	80,323	379,234
Unrealised loss on foreign exchange		35,366	-	-	-
Loss before working capital changes		(2,913,910)	(3,360,954)	(1,615,125)	(2,012,773)
Decrease/(Increase) in receivables		500,913	(31,282)	-	-
(Decrease)/Increase in payables		(193,368)	14,576	(171,494)	4,489
Cash used in operations		(2,606,365)	(3,377,660)	(1,786,619)	(2,008,284)
Tax paid		(9,078)	(7,765)	-	(84)
Tax refunded		-	8,851	-	-
Utilisation of provision		(308,669)	(450,473)	(109,738)	-
Net cash used in operating activities		(2,924,112)	(3,827,047)	(1,896,357)	(2,008,368)
Cash flows from investing activities					
Advance to subsidiaries		-	-	(7,388,925)	(34,616)
Distribution income received		529,368	2,427,873	529,368	1,147,287
Dividend received		329,319	259,000	-	-
Interest received		424,405	285,596	1,239	2,275
Placement of fixed deposits pledged		(6,841,132)	-	-	-
Proceeds from disposal/redemption of:					
- other investments		3,564,994	4,880,570	-	-
- short-term cash investments		68,810,835	57,686,294	37,147,615	37,922,002
Purchase of:					
- other investments		(828,312)	(4,121,263)	-	-
- investment properties		(9,849,970)	-	-	-
- short-term cash investments		59,022,387	(57,685,592)	(28,408,309)	(37,186,898)
Net cash (used in)/from investing activities		(2,882,880)	3,732,478	1,880,988	1,850,050

	Note	Group 2018 RM	Group Restated 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from financing activities					
Interest paid		(14,707)			
Drawdown of borrowing		5,726,198	-	-	-
Net cash from financing activities		5,711,491	-	-	-
Net decrease in cash and cash equivalents		(95,501)	(94,569)	(15,369)	(158,318)
Cash and cash equivalents at 1 July 2017/2016		357,574	452,143	101,438	259,756
Cash and cash equivalents at 30 June	(i)	262,073	357,574	86,069	101,438

Notes:

(i) Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash and bank balances	232,935	224,392	86,069	101,438
Fixed deposits with licensed banks (Note 16)	29,138	133,182	-	-
	262,073	357,574	86,069	101,438

(ii) Reconciliation of liability arising from financing activity:

	1 July 2017 RM	Cash flows RM	Non-cash changes: Unrealised loss on foreign exchange RM	Non-cash changes: Unpaid interest expense RM	30 June 2018 RM
Group					
Revolving credit	-	5,726,198	35,366	10,511	5,772,075

1. Basis of preparation

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

The accompanying financial statements have been prepared assuming that the Group and the Company will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

These financial statements are presented in the Ringgit Malaysia ("RM"), which is the Group's and the Company's functional and presentation currency.

(a) Standards issued and effective

On 1 July 2017, the Group and the Company have also adopted the following amended MFRSs which issued by the Malaysian Accounting Standards Board ("MASB") which are mandatory for annual financial periods beginning on or after 1 January 2017:

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2014 - 2016 cycle	
- Amendments to MFRS 12, Disclosure of Interests in Other Entities	1 January 2017
• Amendments to MFRS 107, Statement of Cash Flows: Disclosure Initiative	1 January 2017
• Amendments to MFRS 112, Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

Adoption of the above amended MFRS did not have any material effect on the financial performances or positions of the Group and of the Company.

(b) Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2014 - 2016 cycle	
- Amendments to MFRS 1, First-time Adoptions of Malaysian Financial Reporting Standards	1 January 2018
- Amendments to MFRS 128, Investment in Associates and Joint Ventures	1 January 2018
• Annual improvements to MFRSs 2015 - 2017 cycle	
- Amendments to MFRS 3, Business Combinations	1 January 2019
- Amendments to MFRS 11, Joint Arrangements	1 January 2019
- Amendments to MFRS 112, Income Taxes	1 January 2019
- Amendments to MFRS 123, Borrowing Costs	1 January 2019
• Amendments to MFRS 2, Share-based Payment: Classification and Measurement of Share-based Payment Transactions	1 January 2018
• Amendments to MFRS 4, Insurance Contracts: Applying MFRS 9 Financial Instrument with MFRS 4 Insurance Contracts	1 January 2018
• Amendments to MFRS 119, Employee Benefits: Plan Amendment, Curtailment and Settlement	1 January 2019
• Amendments to MFRS 2, Share-based Payment	1 January 2020
• Amendments to MFRS 3, Business Combinations	1 January 2020
• Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
• Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
• Amendments to MFRS 134, Interim Financial Reporting	1 January 2020
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
• Amendment to MFRS 138, Intangible Assets	1 January 2020
• MFRS 9, Financial Instruments	1 January 2018
• MFRS 15, Revenue from Contract with Customers	1 January 2018
• Clarifications to MFRS 15, Revenue from Contracts with Customers	1 January 2018
• MFRS 16, Leases	1 January 2019
• MFRS 17, Insurance Contracts	1 January 2021
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred
• Amendments to MFRS 140, Investment Property: Transfer of Investment Property	1 January 2018
• Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
• Amendments to MFRS 128, Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures	1 January 2019
• IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2018
• IC Interpretation 23, Uncertainty over Income Tax Treatments	1 January 2019
• Amendments to IC Interpretation 12, Service Concession Arrangements	1 January 2020
• Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
• Amendments to IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
• Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2020
• Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs	1 January 2020

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Group and of the Company except as mentioned below:

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

Based on the assessment, the Group and Company do not expect the application of MFRS 9 to have a significant impact on their financial statements.

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in financial year ending 30 June 2019 when the Group and the Company adopt MFRS 9.

MFRS 15 Revenue from Contracts with Customers

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with the core principle by applying the following steps:

(1) Identify the contract with a customer;
(2) Identify the performance obligation in the contract;
(3) Determine the transaction price;
(4) Allocate the transaction price to the performance obligations in the contract; and
(5) Recognise revenue when the entity satisfies a performance obligation.

The Group and the Company intend to adopt the standard using modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

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

Based on the assessment, the Group and the Company do not expect the application of MFRS 15 to have a significant impact on their financial statements.

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in financial year ending 30 June 2019 when the Group and the Company adopts MFRS 15.

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group and the Company are currently assessing the financial impact of adopting MFRS 16.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(d) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on investment properties. The Group has evaluated and determined that it retains the significant risks and rewards of ownership of the investment properties which are leased out on operating leases, and thus account for the arrangements as operating lease.

(ii) Revenue recognition

The Group has suspended the recognition of income from oil palm plantation and the lease rental from oil mill with effect from 1 July 2011 following the Ipoh High Court judgements as mentioned in Note 29 to the financial statements. The Group has determined that there is a significant uncertainty as to the probability that the economic benefits associated with the plantation and oil mill flow to the Group.

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(iii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iv) Impairment of trade and non-trade receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying amount of receivables.

(v) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of its property, plant and machinery will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(vi) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making the judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of other assets held by the Group.

Some properties comprise a portion that is held for rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(vii) Carrying amount of investment in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(k)(i) to the financial statements, or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by the assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying amount of investment in subsidiaries.

(viii) Provision for legal fee

The provision is made for legal services in respect of the Group's litigation case as mentioned in Note 29 to the financial statements. The amount of provision is determined using the best estimate of the management based on their past experience on similar cases. It is reasonably possible, that outcomes within the next financial year that are different from assumptions would require a material adjustment to the provision made.

(ix) Provision for retirement gratuity

The provision is determined based on the number of years of service of the employees and directors as at the end of the reporting period and their salaries over the past years. The retirement gratuity payable is vested upon the employees and directors reaching their retirement age. The provision is discounted at a rate of 3.44% to 4.30% (2017: 3.44% to 4.06%).

(x) Provision for unutilised leave

The provision is made based on the employees' salaries over the past years and the unutilised leave at the end of the financial year and will be reversed once the leave is utilised.

(xi) Provision for legal claims

The provision is made for damages in respect of the Group's litigation as mentioned in Note 29 to the financial statements. The amount of provision is determined based on the High Court's decision on 31 May 2017.

(xii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the statements of financial position date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the statements of financial position date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

2. Summary of significant accounting policies

(a) Basis of consolidation

(i) Subsidiary

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control is exists when the Group is exposed or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control as mentioned above.

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

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights are substantive, held by the Group other vote holders or other parties;
- Rights arising from other contractual arrangement;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf; and
- Any additional facts and circumstances that indicate the Group 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The financial statements of the Company and its subsidiaries are all drawn up to the same end of the reporting period.

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred. In a business combination achieved in stages, previously held equity interests in the acquire are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Loss of control

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(iv) Transaction eliminated on consolidation

Intra-group balances and unrealised gains and losses arising from intra-group transactions are eliminated in full. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent the Group has interests. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Functional and presentation currency

The individual financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”).

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company 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 rate 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 and the Company’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 and the Company on disposal of the foreign operation.

2. Summary of significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign currency transactions (continued)

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.

The principal exchange rate used in the translation of each unit of foreign currency at reporting date is as follows:

	2018 RM	2017 RM
1 Japanese Yen	0.0365	-

(c) Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue and other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable. Revenue and other income are not recognised to the extent there are significant uncertainties regarding recovery of consideration due.

(i) Interest income

Interest income is recognised using the effective interest method.

(ii) Dividend income and distribution income

Dividend income and distribution income is recognised when the Group's and the Company's right to receive payment is established.

(iii) Rental income

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

(iv) Oil palm plantation

Revenue from oil palm plantation is recognised on an accrual basis.

(d) Employee benefits expense

(i) Short-term employee benefits

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

2. Summary of significant accounting policies (continued)

(d) Employee benefits expense (continued)

(ii) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Retirement gratuity scheme

The Group and the Company established a retirement gratuity scheme in 2010 for employees of the Group and of the Company. The amount of retirement gratuity payable is determined by the Board of Directors in relation to the services rendered up to date of retirement. The retirement gratuity is calculated based on the basic salary over the tenure of employment to date. The retirement gratuity payable is vested upon the employees and directors reaching their retirement age.

(e) Borrowing costs

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

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

(f) Leases

(i) Operating lease – The Group and the Company as lessee

Operating lease payment are recognised as an expense on a straight-line basis over the term of the relevant lease. 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. The up-front payment for lease of land represents prepaid land lease payments are amortised on a straight-line basis over the lease term.

(ii) Operating lease – The Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(g) Tax expense

(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)

(g) Tax expense (continued)

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

All property, plant and equipment are depreciated on the straight-line basis to write off the costs of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Motor vehicles	20%
Computer equipment	20%
Plant and machinery	10%
Others	10% - 20%

2. Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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

(i) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both, but not use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost includes transaction costs. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure.

Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

All other investment properties are depreciated on the straight-line basis to write off the costs of the investment properties over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings	47 years to 50 years
Air-conditioner	10%
Renovation	10%
Fixtures and fittings	10%

The carrying amount of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss arising from derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (continued)

(j) Goodwill on consolidation

Goodwill on consolidation is recognised as of the acquisition date measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill with indefinite useful lives are not amortised but is tested for impairment annually.

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

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

(k) Impairment

(i) Impairment of financial assets

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

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 and non-trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

2. Summary of significant accounting policies (continued)

(k) Impairment (continued)

(i) Impairment of financial assets (continued)

Available-for-sale financial assets carried at cost

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

(ii) Impairment of non-financial assets

The Group and the Company assess at the end of each reporting period whether there is an indication that non-financial assets may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make 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 ("CGUs")).

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 prorata 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 the end of each reporting period 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.

(l) Financial asset

Financial assets are recognised in the statement 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.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale ("AFS") financial assets.

2. Summary of significant accounting policies (continued)

(l) Financial assets (continued)

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose selling near term.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of the other losses or other income.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets that are non-derivative 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 period which are classified as non-current.

(iii) AFS financial assets

AFS financial assets are financial assets that are designated as available for sale or are not classified in any of the other categories.

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

The fair value of investments that are not traded in an active market are determined by using a variety of methods and makes assumptions based on market condition existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair value of investments. However, if the probabilities of various estimates cannot be reasonably measured, the Group and the Company are precluded from measuring the instruments at fair value, and the financial instruments are measured at cost.

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting period.

A financial asset is derecognised where the contractual right to receive cash flows from the assets 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.

The effective interest method of calculating the amortised cost of debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipt through the expected life of the debt instrument, or where appropriated, a shorter period to the net carrying amount on initial recognition.

2. Summary of significant accounting policies (continued)

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, fixed deposits placed with licensed banks with original maturity not more than 3 months and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(n) Equity instrument

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

(o) 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 MFRS 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 financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are recognised initially at fair value, net of directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

For financial liabilities measured at amortised cost, gains and losses are recognised in the 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 the profit or loss.

(p) Provisions

Provision are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material appropriate, the risk specific to the liability.

2. Summary of significant accounting policies (continued)

(q) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(r) Operating segments

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

(s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market which must be accessible to by the Group and the Company.

For non-financial asset, the fair value measurement considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categories into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

(t) Earnings per ordinary share ("EPS")

The Group presents basic and diluted earnings per share date for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

3. Loss before tax

	Group		Company	
		Restated		
	2018	2017	2018	2017
	RM	RM	RM	RM
Loss before tax is arrived at after charging/ (crediting):				
Auditor's remuneration:				
- current year	45,000	44,000	26,000	23,500
- (over)/underprovision in prior year	2,000	(1,000)	500	(1,000)
Amortisation of prepaid land lease payments	-	1,648,701	-	-
Bad debt written off	-	3,845	-	-
Depreciation of property, plant and equipment	79,792	366,394	7,989	9,242
Depreciation of investment properties	217,100	91,562	-	-
Directors' fee	60,000	60,000	60,000	60,000
Employee benefits expense (Note 4)	1,309,321	1,665,052	930,480	1,087,436
Impairment losses on amount due from subsidiaries	-	-	9,061	11,104
Impairment losses on trade receivables	90,000	-	-	-
Interest expense on revolving credit	25,218	-	-	-
Net fair value loss/(gain) on financial assets at FVTPL	3,933,083	(4,955,875)	195,329	(342,379)
Property, plant and equipment written off	-	2,412	-	2,033
Provision for legal claims	762,142	31,375,678	-	-
Provision for legal fee	-	500,000	-	300,000
Rental of premises	219,092	219,701	204,332	205,301
Interest on obligation	13,209	13,238	6,881	7,583
Dividend income	(329,319)	(259,000)	-	-
Distribution income from unit trusts	(3,137,333)	(2,427,873)	(1,205,395)	(1,147,287)
Bad debt recovery	-	(20,000)	-	-
Interest income				
- other investments	(278,615)	(278,860)	-	-
- fixed deposits placed with licensed banks	(144,539)	(3,754)	-	(224)
- short-term cash investments	-	(2,347)	-	(1,503)
- others	(1,251)	(635)	(1,239)	(548)
Unrealised loss on foreign exchange	35,366	-	-	-
Withholding tax	13,782	-	-	-
Gain on disposal/ redemption of:				
- short-term cash investments	(400,627)	(65,163)	(323,462)	(14,132)
- other investments	(460,332)	(292,716)	-	-
- property, plant and equipment	-	(3,950,349)	-	-
- prepaid land lease payment	-	(21,696,438)	-	-

4. Employee benefits expense

		Group		Company	
		2018	2017	2018	2017
		RM	RM	RM	RM
(i)	Staff costs:				
	- Salaries and other emoluments	540,076	640,855	243,600	283,150
	- Contribution to defined contribution plan	93,321	102,510	42,216	45,330
	- Social security contribution	5,588	8,333	1,469	4,385
	- Provisions for retirement gratuity	64,429	62,611	44,288	49,828
	- Other employee benefits expense	5,768	11,757	5,768	11,757
		709,182	826,066	337,341	394,450
(ii)	Directors' remuneration (excluding benefits-in-kind) (Note 5):				
	- Salaries and other emoluments	492,000	726,500	485,000	580,500
	- Contribution to defined contribution plan	70,130	83,080	70,130	83,080
	- Social security contribution	1,974	-	1,974	-
	- Provisions for retirement gratuity	36,035	29,406	36,035	29,406
		600,139	838,986	593,139	692,986
Total employee benefits expense		1,309,321	1,665,052	930,480	1,087,436

5. Directors' remuneration

Detail of remuneration received and receivable by directors of the Company during the financial year are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Executive directors:				
Salaries and other emoluments	316,000	284,000	316,000	244,000
Contribution to defined contribution plan	57,880	44,200	57,880	44,200
Social security contribution	1,677	-	1,677	-
Retirement gratuity benefits	24,035	11,406	24,035	11,406
Total executive directors' remuneration (excluding benefit in kind)	399,592	339,606	399,592	299,606
Estimated monetary value of benefit-in-kind	19,921	23,950	-	-
Total executive directors' remuneration (including benefit in kind)	419,513	363,556	399,592	299,606
Non-executive directors:				
Allowances and other emoluments	176,000	442,500	169,000	336,500
Contribution to defined contribution plan	12,250	38,880	12,250	38,880
Social security contribution	297	-	297	-
Retirement gratuity benefits	12,000	18,000	12,000	18,000
Total non-executive directors' remuneration (excluding benefit in kind)	200,547	499,380	193,547	393,380
Estimated monetary value of benefit-in-kind	13,369	32,750	-	-
Total non-executive directors' remuneration (including benefit in kind)	213,916	532,130	193,547	393,380
Total directors' remuneration	633,429	895,686	593,139	692,986

6. Tax expense

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Current tax expense:				
- current financial year	6,290	-	-	-
- underprovision in prior financial year	-	257	-	84
	6,290	257	-	84

Reconciliation of tax expense

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Loss before tax	(3,405,059)	(3,514,208)	(377,731)	(908,313)
Tax calculated using statutory tax rate at 24%	(817,214)	(843,410)	(90,655)	(217,995)
Non-taxable income	(565,223)	(7,040,500)	(322,339)	(360,900)
Non-deductible expenses	562,482	8,713,310	412,994	578,895
Deferred tax assets not recognised during the financial year/ (Utilisation of deferred tax assets previously not recognised in prior financial year)	826,245	(829,400)	-	-
	6,290	-	-	-
Underprovision of current tax expense in prior financial year	-	257	-	84
Tax expense for the financial year	6,290	257	-	84

7. Loss per share

(a) Basic

Basic loss per share is calculated by dividing loss for the financial year, net of tax, attributable to owners of the parent by the number of ordinary shares of RM1 each in issue during the financial year.

	Group	
	2018	**2017**
	RM	**RM**
Loss for the financial year, attributable to owners of the parent	(3,411,349)	(3,514,465)
Number of ordinary shares in issue	75,000,000	75,000,000
Basic loss per share (sen)	(4.5)	(4.7)

(b) Diluted

The Group has no potentially dilutive ordinary shares that may be issued in the future. As such, there is no dilution effect on the loss per ordinary shares of the Group for the financial year.

There have been no other transactions involving ordinary shares between end of reporting period and the date of authorisation of these financial statements.

8. Property, plant and equipment

	Motor vehicle RM	Computer equipment RM	Others* RM	Total RM
Group				
2018				
Cost				
At 1 July 2017/30 June	1,485,285	17,088	79,621	1,581,994
Accumulated depreciation				
At 1 July 2017	1,306,559	15,261	63,547	1,385,367
Charge for the financial year	71,356	1,399	7,037	79,792
At 30 June	1,377,915	16,660	70,584	1,465,159
Carrying amount				
At 30 June	107,370	428	9,037	116,835

	Freehold land RM	Buildings RM	Motor vehicle RM	Computer equipment RM	Plant and machinery RM	Others* RM	Total RM
Group							
Restated							
2017							
Cost							
At 1 July 2016	53,367,232	2,216,000	1,485,304	15,968	3,656,887	293,425	61,034,816
Prior year adjustment (Note 32)	(53,367,232)	(2,216,000)	-	1,120	-	(210,792)	(55,792,904)
Restated amount	-	-	1,485,304	17,088	3,656,887	82,633	5,241,912
Disposals	-	-	(19)	-	(3,656,887)	-	(3,656,906)
Written off	-	-	-	-	-	(3,012)	(3,012)
At 30 June (restated)	-	-	1,485,285	17,088	-	79,621	1,581,994
Accumulated depreciation							
At 1 July 2016	-	280,588	1,081,959	11,193	3,378,999	154,284	4,907,023
Prior year adjustment (Note 32)	-	(280,588)	(3,806)	1,730	-	(97,531)	(380,195)
Restated amount	-	-	1,078,153	12,923	3,378,999	56,753	4,526,828
Charge for the financial year	-	-	228,406	2,338	128,256	7,394	366,394
Disposals	-	-	-	-	(3,507,255)	-	(3,507,255)
Written off	-	-	-	-	-	(600)	(600)
At 30 June (restated)	-	-	1,306,559	15,261	-	63,547	1,385,367
Carrying amount							
At 30 June	-	-	178,726	1,827	-	16,074	196,627

8. Property, plant and equipment (continued)

	Motor vehicle RM	Computer equipment RM	Others* RM	Total RM
Company				
2018				
Cost				
At 1 July 2017/30 June	8,651	6,672	78,651	93,974
Accumulated depreciation				
At 1 July 2017	8,403	5,540	62,656	76,599
Charge for the financial year	248	762	6,979	7,989
At 30 June	8,651	6,302	69,635	84,588
Carrying amount				
At 30 June	-	370	9,016	9,386
2017				
Cost				
At 1 July 2016	8,651	6,672	81,134	96,457
Written off	-	-	(2,483)	(2,483)
At 30 June	8,651	6,672	78,651	93,974
Accumulated depreciation				
At 1 July 2016	7,413	4,495	55,899	67,807
Charge for the financial year	990	1,045	7,207	9,242
Written off	-	-	(450)	(450)
At 30 June	8,403	5,540	62,656	76,599
Carrying amount				
At 30 June	248	1,132	15,995	17,375

* Others comprise of renovation, electrical installation, office equipment and furniture and fittings.

9. Investment properties

	Freehold land RM	Buildings RM	Air conditioner RM	Renovation RM	Fixtures and fittings RM	Total RM
Group						
2018						
Cost						
At 1 July 2017	53,367,232	3,566,000	38,060	73,379	90,983	57,135,654
Additions	-	9,849,970	-	-	-	9,849,970
At 30 June	53,367,232	13,415,970	38,060	73,379	90,983	66,985,624
Accumulated depreciation						
At 1 July 2017	-	563,407	22,546	40,413	49,641	676,007
Charge for the financial year	-	196,858	3,806	7,338	9,098	217,100
At 30 June	-	760,265	26,352	47,751	58,739	893,107
Carrying amount						
At 30 June	53,367,232	12,655,705	11,708	25,628	32,244	66,092,517
Fair value						100,103,148
Group						
Restated						
2017						
Cost						
At 1 July 2016	-	1,350,000	-	-	-	1,350,000
Prior year adjustments (Note 32)	53,367,232	2,216,000	38,060	73,379	90,983	55,785,654
Restated amount	53,367,232	3,566,000	38,060	73,379	90,983	57,135,654
Accumulated depreciation						
At 1 July 2016	-	211,500	-	-	-	211,500
Prior year adjustments (Note 32)	-	280,587	18,740	33,075	40,543	372,945
Restated amount	-	492,087	18,740	33,075	40,543	584,445
Charge for the financial year	-	71,320	3,806	7,338	9,098	91,562
At 30 June (restated)	-	563,407	22,546	40,413	49,641	676,007
Carrying amount						
At 30 June	53,367,232	3,002,593	15,514	32,966	41,342	56,459,647
Fair value						89,147,731

	Group	
	2018 RM	2017 RM
Recognised in profit or loss:		
Rental income	203,535	15,300
Direct operating expenses arising from investment properties that generated rental income during the financial year	(209,869)	-
Direct operating expenses arising from investment properties that did not generated rental income during the financial year	(20,870)	(21,443)

The investment properties with a carrying amount of RM1,084,500 (2017: RM1,111,500) are registered under the name of a third-party company which is holding the assets in trust of the Group.

The estimated fair values of investment properties were arrived at by the directors of the Group by reference to similar properties in the locality and adjusting for size, present market trend and other differences.

10. Prepaid land lease payments

	Group 2018 RM	Group 2017 RM
Cost		
At 1 July 2017/2016	-	46,163,622
Disposals	-	(46,163,622)
At 30 June	-	-
Accumulated amortisation		
At 1 July 2017/2016	-	17,311,359
Charge for the financial year	-	1,648,701
Disposals	-	(18,960,060)
At 30 June	-	-
Carrying amount		
At 30 June	-	-

11. Investments in subsidiaries

	Company 2018 RM	Company 2017 RM
Unquoted shares, at costs:	167,215,233	167,215,233
Less: Impairment loss	(233,718)	(233,718)
At 30 June	166,981,515	166,981,515

Details of the subsidiaries are as follows:

Name of company	Principal places of business/ Country of incorporation	Principal activities	Proportion of ownership interest/ voting right 2018	Proportion of ownership interest/ voting right 2017
Malpac Capital Sdn. Bhd	Malaysia	Cultivation of oil palm	100%	100%
Malpac Management Sdn. Bhd.	Malaysia	Dormant	100%	100%
Malpac Assets Management Sdn. Bhd.	Malaysia	Dormant	100%	100%
Malpac Land Sdn. Bhd.	Malaysia	Dormant	100%	100%
Discovery Assets Sdn. Bhd.	Malaysia	Dormant	100%	100%
Precious Way International Limited ^	British Virgin Islands	Investment holding	100%	100%
Titanium Highland Sdn. Bhd. *	Malaysia	Investment holding	100%	-
Popular Sphere Sdn. Bhd. *	Malaysia	Investment holding	100%	-

^ Audited by Messrs PKF for the purpose of consolidation in the financial statement of the Group.

* On 27 September 2017, Malpac Capital Sdn. Bhd. has acquired 100% equity interests in Titanium Highland Sdn. Bhd. and Popular Sphere Sdn. Bhd. for a total purchase consideration of RM4.

12. Goodwill on consolidation

	Group 2018 RM	2017 RM
At cost		
At 1 July 2017/2016	-	-
Acquisition of subsidiaries	17,868	-
At 30 June	17,868	-

Impairment test for goodwill

Goodwill arising from the acquisition had been allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

13. Other investments

	Note	Group 2018 RM	2017 RM
Non-current			
Equity and debt instruments quoted in Malaysia	(a)	12,256,801	14,369,868
Current			
Equity and debt instruments quoted in Malaysia	(a)	5,551,700	7,094,421
Investment in property venture	(b)	-	2,000,000
		5,551,700	9,094,421
		17,808,501	23,464,289

(a) Equity and debt instruments quoted in Malaysia

	Group 2018 Carrying amount RM	2018 Market value of quoted investments RM	2017 Carrying amount RM	2017 Market value of quoted investments RM
Non-current				
Equity and debt instruments quoted in Malaysia, at fair value	12,256,801	12,256,801	14,369,868	14,369,868
Current				
Equity and debt instruments quoted in Malaysia, at fair value	5,551,700	5,551,700	7,094,421	7,094,421

(b) Interest in property venture

In previous financial year, the interest in property venture represents the Group's participation interest with third parties to acquire a property in the United Kingdom and in which the Group and the third parties are desirous to dispose of the property in the open market. This amount is secured by title deed of two Malaysian properties of the third parties as collateral and the estimated market values of the said properties are sufficient to cover the investment.

The interest in property venture has been disposed during the financial year.

14. Trade and non-trade receivables

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Trade receivables				
Trade receivables	2,381,047	2,291,047	-	-
Less: Impairment				
At 1 July 2017/2016	(2,291,047)	(2,291,047)	-	-
Addition	(90,000)	-	-	-
At 30 June	(2,381,047)	(2,291,047)	-	-
Trade receivables, net	-	-	-	-
Non-trade receivables				
Non-trade receivables	49,001,362	49,031,282	-	-
Amount due from subsidiaries	-	-	7,903,391	514,466
Less: Impairment				
At 1 July 2017/2016	-	-	(101,087)	(89,983)
Addition	-	-	(9,061)	(11,104)
At 30 June	-	-	(110,148)	(101,087)
Amount due from subsidiaries, net	-	-	7,793,243	413,379
Deposits	117,271	678,264	51,270	51,270
Other receivables, net	49,118,633	49,709,546	7,844,513	464,649
Total trade and non-trade receivables	49,118,633	49,709,546	7,844,513	464,649

(a) Included in non-trade receivables of the Group is an amount of RM49,000,000 in relation to the consideration receivable from the Purchasers in relation to Suit 109 ("Case 1") for disposal of Radiant Responses Sdn. Bhd. together with 2 parcels of leasehold land, as disclosed in Note 29 to the financial statements.

(b) In previous financial year, included in deposits of the Group is an amount of RM614,294 which represents deposit paid for acquisition of overseas properties which are still under construction.

(c) Amount due from subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand by cash.

15. Short-term cash investment

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash management fund with investment management companies	81,316,588	88,650,090	33,779,409	41,714,555

16. Fixed deposits placed with licensed banks

	Group	
	2018	2017
	RM	RM
Original maturities less than 3 months	29,138	133,182
Original maturities more than 3 months	6,841,132	-
	6,870,270	133,182

The fixed deposits placed with licensed banks of the Group bear effective interest at rates of 3.75% to 4.00% (2017: 2.55% to 3.50%) per annum with maturity period from 3 months to 12 months (2017: 5 days to 3 months).

Included in fixed deposits placed with licensed banks of the Group is RM6,841,132 pledged for bank facilities granted to the Group as disclosed in Note 21 to the financial statements.

17. Share capital

	Group and Company			
	2018	2017	2018	2017
	Number of shares		RM	RM
Issued and fully paid				
At 1 July 2017/2016	75,000,000	75,000,000	99,366,593	75,000,000
Transition to no-par value regime	-	-	-	24,366,593
At 30 June	75,000,000	75,000,000	99,366,593	99,366,593

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

18. Retained earnings

Under the single tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained earnings can be distributed to shareholders as tax-exempt dividends.

19. Provisions

	Retirement gratuity RM	Legal fee RM	Legal claims RM	Total RM
Group				
At 1 July 2017	1,554,511	1,993,489	31,375,678	34,923,678
Addition	100,464	-	762,142	862,606
Utilisation	-	(308,669)	-	(308,669)
At 30 June 2018	1,654,975	1,684,820	32,137,820	35,477,615
At 1 January 2016	1,456,839	1,943,962	-	3,400,801
Addition	97,672	500,000	31,375,678	31,973,350
Utilisation	-	(450,473)	-	(450,473)
At 30 June 2017	1,554,511	1,993,489	31,375,678	34,923,678

19. Provisions (continued)

	Retirement gratuity RM	Legal fee RM	Total RM
Company			
At 1 July 2017	1,381,054	300,000	1,681,054
Addition	80,323	-	80,323
Utilisation	-	(109,738)	(109,738)
At 30 June 2018	1,461,377	190,262	1,651,639
At 1 January 2016	1,301,820	-	1,301,820
Addition	79,234	300,000	379,234
At 30 June 2017	1,381,054	300,000	1,681,054

Provisions as at the end of the reporting period are shown as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-current	362,628	327,988	204,565	187,616
Current	35,114,987	34,595,690	1,447,074	1,493,438
	35,477,615	34,923,678	1,651,639	1,681,054

(a) Retirement gratuity

Provision for retirement gratuity are for eligible employees and directors. The details of the retirement gratuity scheme are disclosed in Note 2(d)(iii) to the financial statements. The provision is discounted at rates ranging from 3.44% to 4.30% (2017: 3.44% to 4.06%).

The amounts recognised in profit or loss are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current service costs	87,255	84,434	73,442	71,651
Interest on obligation (Note 3)	13,209	13,238	6,881	7,583
	100,464	97,672	80,323	79,234

(b) Legal fee

The provision is made for legal services in respect of the Company's litigation case 2 and 3 as mentioned in Note 29 to the financial statements. The amount of provision is determined using the best estimate of the management based on their past experience on similar cases.

(c) Legal claims

The provision is made for damages in respect of the Company's litigation case 3 as mentioned in Note 29 to the financial statements. The amount of provision is determined based on the High Court's decision on 31 May 2017.

20. Non-trade payables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Non-trade payables	331,991	333,108	177,429	177,429
Deposit payables	25,598	1,883	-	-
Accrued expenses	329,582	527,681	210,452	381,946
	687,171	862,672	387,881	559,375

Non-trade payables and accrued expenses comprise mainly outstanding for ongoing costs.

21. Borrowing

	Group	
	2018	**2017**
	RM	**RM**
Secured:		
Current		
Revolving credit	5,772,075	-

The revolving credit of the Group bears interest at rate of 0.82% (2017: NIL) per annum.

The revolving credit of the Group is secured by the fixed deposits placed with a licensed bank of the Company as disclosed in Note 16 to the financial statements.

22. Deferred tax assets

The amount of temporary differences for which no deferred tax assets has been recognised in the statements of financial position are as follows (stated as gross):

	Group	
	2018	**2017**
	RM	**RM**
Unabsorbed capital allowance	162,561	128,532
Unutilised tax losses	6,196,400	2,787,741
	6,358,961	2,916,273

23. Related party disclosures

(a) Identify of related parties

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

The Group and the Company have a related party relationship with its subsidiaries and key management personnel.

23. Related party disclosures (continued)

(b) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly, including any directors of the Group and of the Company.

The remuneration of the key management personnel are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Salaries and other emoluments	802,207	1,065,930	795,207	919,930
Directors' fees	60,000	60,000	60,000	60,000
Retirement gratuity benefits	75,410	68,781	75,410	68,781
Estimated monetary value of benefits-in-kind	42,090	65,500	-	-
	979,707	1,260,211	930,617	1,048,711

Included in compensation of key management personnel of the Group and of the Company are directors' remuneration as disclosed in Note 5 to the financial statements.

(c) Related party transactions

Significant transactions between the Company and its related parties during the financial year were as follows:

	2018	**2017**
	RM	**RM**
With subsidiaries:		
Impairment loss on amount due from subsidiaries	9,061	11,104

d) Related party balances

Information regarding outstanding balances arising from related transactions as at the end of the reporting period are disclosed in Note 14 to the financial statements.

24. Commitments

(a) Operating lease commitments – as lessee

The Group and the Company have entered into non-cancellable operating lease arrangements for the use of buildings. These leases have an average tenure of between 1 and 2 years with option of renewal included in the contract. There are no restrictions placed upon the Group and the Company by entering into these leases.

Minimum lease payments, including amortisation of prepaid lease payments recognised in profit or loss for the financial year ended 30 June 2018 for the Group and the Company amounted to RM219,092 (2017: RM1,868,402) and RM204,332 (2017: RM205,301) respectively.

Future minimum rentals payable under non-cancellable operating leases (excluding prepaid lease payments) at the end of the reporting period are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	39,660	39,480	32,280	32,280

25. Segment information

The segment reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services.

The Group comprises the following business segments:

(i) Investment holding; and
(ii) Oil palm plantation.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Investment holding RM	Oil palm plantation RM	Total RM
2018			
Results:			
Loss before tax	(2,244,420)	(1,160,639)	(3,405,059)
Income tax expense			(6,290)
Loss, net of tax			(3,411,349)
Assets:			
Segment assets	221,556,279	-	221,556,279
Unallocated assets			39,624
Total assets			221,595,90
Liabilities:			
Segment liabilities	8,117,825	33,822,640	41,940,465
Other segment information:			
Depreciation of property, plant and equipment			79,792
Depreciation of investment properties			217,100
Provision for legal claims			762,142
2017			
Results:			
Loss before tax	4,363,384	(7,877,592)	(3,514,208)
Income tax expense			(257)
Loss, net of tax			(3,514,465)
Assets:			
Segment assets	218,837,773	-	218,837,773
Unallocated assets			15,364
Total assets			218,853,137
Liabilities:			
Segment liabilities	2,417,183	33,369,167	35,786,350
Other segment information:			
Depreciation of property, plant and equipment			366,394
Depreciation of investment properties			91,562
Amortisation of prepaid land lease payments			1,648,701
Gain on disposal of property, plant and equipment			(3,950,349)
Gain on disposal of prepaid land lease payments			(21,696,438)
Provision for legal claims			31,375,678
Provision for legal fee			500,000

26. Financial instruments

Categories of financial instruments

The Group and the Company have categorised their financial instruments as follows:

	Carrying amount RM	Loans and receivables RM	Financial assets at FVTPL RM	Financial liabilities measured at amortised cost RM
Group				
2018				
Financial assets				
Other investments	17,808,501	-	17,808,501	-
Trade and non-trade receivables	49,118,633	49,118,633	-	-
Short-term cash investments	81,316,588	-	81,316,588	-
Fixed deposits with licensed banks	6,870,270	6,870,270	-	-
Cash and bank balances	232,935	232,935	-	-
	155,346,927	56,221,838	99,125,089	-
Financial liabilities				
Non-trade payables	687,171	-	-	687,171
Borrowing	5,772,075	-	-	5,772,075
	6,459,246	-	-	6,459,246

	Carrying amount RM	Loans and receivables RM	Financial assets at FVTPL RM	AFS financial assets RM	Financial liabilities measured at amortised cost RM
Group					
2017					
Financial assets					
Other investments	23,464,289	-	21,464,289	2,000,000	-
Trade and non-trade receivables	49,709,546	49,709,546	-	-	-
Short-term cash investments	88,650,090	-	88,650,090	-	-
Fixed deposits with licensed banks	133,182	133,182	-	-	-
Cash and bank balances	224,392	224,392	-	-	-
	162,181,499	50,067,120	110,114,379	2,000,000	-
Financial liability					
Non-trade payables	862,672	-	-	-	862,672

26. Financial instruments (continued)

Categories of financial instruments (continued)

The Group and the Company have categorised their financial instruments as follows: (continued)

	Carrying amount RM	Loans and receivables RM	Financial assets at FVTPL RM	Financial liabilities measured at amortised cost RM
Company				
2018				
Financial assets				
Non-trade receivables	7,844,513	7,844,513	-	-
Short-term cash investments	33,779,409	-	33,779,409	-
Cash and bank balances	86,069	86,069	-	-
	41,709,991	7,930,582	33,779,409	-
Financial liability				
Non-trade payables	387,881	-	-	387,881
2017				
Financial assets				
Non-trade receivables	464,649	464,649	-	-
Short-term cash investments	41,714,555	-	41,714,555	-
Cash and bank balances	101,438	101,438	-	-
	42,280,642	566,087	41,714,555	-
Financial liability				
Non-trade payables	559,375	-	-	559,375

26. Financial instruments (continued)

Net gains and losses arising from financial instruments

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Net gains/(losses) arising on:				
Loans and receivables				
Bad debt written off	-	(3,845)	-	-
Impairment losses on amount due from subsidiaries	-	-	(9,061)	(11,104)
Impairment losses on amount due from trade receivables	(90,000)	-	-	-
Bad debt recovery	-	20,000	-	-
Interest income	145,790	4,389	1,239	772
	55,790	20,544	(7,822)	(10,332)
Financial assets at FVTPL				
Net fair value (loss)/gain on financial assets at FVTPL	(3,933,083)	4,955,875	(195,329)	342,379
Dividend income	329,319	259,000	-	-
Distribution income from unit trusts	3,137,333	2,427,873	1,205,395	1,147,287
Interest income from:				
- other investments	278,615	278,860	-	-
- short-term cash investments	-	2,347	-	1,503
Gain on disposal of other investments	10,332	292,716	-	-
Gain on redemption of short-term cash investments	400,627	65,163	323,462	14,132
	223,143	8,281,834	1,333,528	1,505,301
AFS financial assets				
Gain on disposal of other investments	450,000	-	-	-
Net losses arising on:				
Financial liabilities measured at amortised cost				
Interest expense	(25,218)	-	-	-
Unrealised loss on foreign exchange	(35,366)	-	-	-
	(60,584)	-	-	-

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, interest rate risk, market price risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its credit risk, interest rate risk, market price risk and liquidity risk.

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

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

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 and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position. For other financial assets, the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile

The Group and the Company have no major concentration of credit risk and manages these risks by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Ageing analysis

The ageing analysis of the Group's trade receivables as at reporting date are as follows:

	Gross amount RM	Individual impairment RM	Carrying amount RM
2018			
Past due:			
- less than 3 months	54,000	(54,000)	-
- more than 3 months	2,327,047	(2,327,047)	-
	2,381,047	(2,381,047)	-
2017			
Past due:			
- more than 3 months	2,291,047	(2,291,047)	-

Trade receivables that are impaired

At the end of reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Foreign currency risk

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

The Group has transactional foreign currency exposure arising from cash in hand, borrowings and deposits that are denominated in a currency other than its functional currency of the Group, Ringgit Malaysia ("RM"). The foreign currency in which these transactions are denominated in Japanese Yen ("JPY").

The Group's principal foreign currency exposure relates mainly to JPY.

The Group's exposure to foreign currency is as follows:

	JPY RM
2018	
Financial liability	
Borrowings	(5,772,075)
2017	
Financial asset	
Deposits	614,294

Sensitivity analysis of foreign currency risk

The following table details the sensitivity of Group's profit net of tax to a reasonably possible change in JPY exchange rates against the functional currency of the Group, with all other variables held constant.

		2018 (Decrease)/ Increase RM	2017 Increase/ (Decrease) RM
Effect on profit after tax			
JPY/RM	- Strengthened by 15%	(865,811)	92,144
	- Weakened by 15%	865,811	(92,144)

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Interest rate risk

Interest rate risk is the risk is that the fair value or future value cash flows of the Group's financial instruments will fluctuate because of changes in the market interest rates.

The Group's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following tables indicates its effective interest rates at the reporting date and the periods in which they reprice or mature, whichever is earlier:

	Effective interest rate per annum %	Within 1 year RM
Group		
2018		
Financial asset		
Fixed deposits placed with licensed banks	3.75 - 4.00	6,870,270
Financial liability		
Borrowing	0.82	(5,772,075)
		1,098,195
2017		
Financial asset		
Fixed deposits placed with licensed banks	2.55 - 3.50	133,182

<u>Interest rate risk sensitivity analysis</u>

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group	
	2018 Increase/ (Decrease) RM	2017 Increase/ (Decrease) RM
Effect on profit after tax		
Increase of 10 basis points	835	101
Decrease of 10 basis points	(835)	(101)
Effect on equity		
Increase of 10 basis points	835	101
Decrease of 10 basis points	(835)	(101)

Liquidity risk

Liquidity risk is the risk the Group and the Company will encounter difficulty in the meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain continuity of funding so as to ensure that all repayment and funding needs are met. As part of its liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements.

The Group's and the Company's financial liabilities at the end of the reporting period either mature within one year or are repayable on demand.

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market prices. The Group and the Company are exposed to market price risk arising from their investment as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Investment in quoted shares	17,808,501	23,464,289	-	-
Short-term cash investments	81,316,588	88,650,090	33,779,409	41,714,555
	99,125,089	112,114,379	33,779,409	41,714,555

Market price risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the market price as at the end of the reporting period, with all other variables held constant:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	Increase/ (Decrease)	**Increase/ (Decrease)**	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	RM	**RM**	**RM**	**RM**
Effect on profit after tax				
Higher of 5%	3,766,753	4,260,346	1,283,618	1,585,153
Lower of 5%	(3,766,753)	(4,260,346)	(1,283,618)	(1,585,153)
Effect on equity				
Higher of 5%	3,766,753	4,260,346	1,283,618	1,585,153
Lower of 5%	(3,766,753)	(4,260,346)	(1,283,618)	(1,585,153)

Fair value

The following summarise the methods used to determine the fair values of the financial instruments:

(i) The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair values of the financial assets at FVTPL are determined by reference to the quoted closing bid price or redemption price at the end of the reporting period.

27. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets and liabilities:

		Fair value measurement using		
	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
2018				
Assets measured at fair value				
Financial assets at FVTPL				
- Quoted equity and debt instruments	17,808,501	17,808,501	-	-
- Short-term cash investment	81,316,588	81,316,588	-	-
2017				
Assets measured at fair value				
Financial assets at FVTPL				
- Quoted equity and debt instruments	21,464,289	21,464,289	-	-
- Short-term cash investment	88,650,090	88,650,090	-	-
Assets for which fair value is disclosed				
2018				
Investment properties (Note 9)	100,103,148	-	100,103,148	-
2017				
Investment properties (Note 9)	89,147,731	-	89,147,731	-
Company				
2018				
Assets measured at fair value				
Financial assets at FVTPL				
- Short-term cash investment	33,779,409	33,779,409	-	-
2017				
Assets measured at fair value				
Financial assets at FVTPL				
- Cash management fund with investment management companies	41,714,555	41,714,555	-	-

28. Capital management

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

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

No changes were made in the objectives, policies or processes during the financial years ended 30 June 2018 and 30 June 2017.

Under the requirements of Bursa Malaysia Practice Note 17, the Group is required to maintain a consolidated shareholders' equity to or not less than 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement.

The debt-to-equity ratio is calculated as net debt divided by total equity, and where net debt is calculated as borrowings less cash and cash equivalents. The debt-to-equity ratio of the Group and of the Company as at the end of the reporting period were as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Borrowings	5,772,075	-	-	-
Less: Cash and cash equivalents	(262,073)	(357,574)	(86,069)	(101,438)
Net debt	5,510,002	(357,574)	(86,069)	(101,438)
Total equity	179,655,438	183,066,787	206,661,372	207,039,103
Gearing ratio (times)	0.03	n/a	n/a	n/a

29. Material litigation

Suit 109 ("Case 1")

On 5 April 2002, a wholly-owned subsidiary of the Company, Malpac Capital Sdn. Bhd. ("MCSB") entered into a Conditional Sale and Purchase Agreement ("the Agreement") to dispose of its subsidiary, Radiant Responses Sdn. Bhd. ("RRSB") together with 2 parcels of leasehold land to Yong Toi Mee and Cheang Kim Leong ("the Purchases") for a consideration of RM2 and the repayment by the Purchasers of the shareholder's loan of RRSB of RM30,600,000 ("Original Proposed Disposal of RRSB"), as part of a composite transaction and encompassing the palm oil mill situated on part of the plantation and owned by a third-party lessee for total consideration of RM53,000,002.

On 20 June 2002, Malpac Holdings Berhad obtained its shareholder's approval for the Original Proposed Disposal Of RRSB.

On 15 November 2002, a Subsequent Letter Agreement was executed by both parties recognising the Agreement had lapsed as not all approvals from the relevant authorities had been obtained and also negotiations to acquire the palm oil mill sited on the subject plantation had not been successful.

On 5 August 2003, the two (2) parcels of plantation lands in Teluk Intan, Perak, Malaysia were transferred to RRSB (acting as nominee for MCSB) at a transfer price of RM47.40 million (after a revaluation was done at the request of the Securities Commission).

On 28 April 2004, an oil palm mill was bought and injected into RRSB (as a nominee of MCSB).

On 4 February 2005, the paid-up capital of RRSB was raised to RM100,000 through the issuance of 99,998 new shares of RM1.00 each.

On 21 April 2007, the Purchasers ("the Plaintiffs") had filed a writ of summons and statements of the claim against MCSB and RRSB (together as "the Defendants") seeking for specific performance of the Agreement.

On 5 May 2011, the Ipoh High Court ("High Court") delivered an oral judgement in favour of the Purchasers and ordered specific performance of the Agreement whereby MCSB and RRSB were required to complete the sale within three (3) months from the date of receipt of the balance purchase price. Costs were ordered against the Defendants.

29. Material litigation (continued)

Suit 109 ("Case 1") (continued)

Effective 1 July 2011, MCSB had suspended the recognition of the income from oil palm plantation and palm oil mill since no income had been received from the oil palm plantation following the High Court's decision given in favour of the Purchasers in the Civil Suit.

The Court of Appeal had on 17 January 2012 made a unanimous decision in MCSB's and RRSB's favour. The Court of Appeal concurrently ordered that MCSB's counter claim be remitted back to the High Court for a decision.

On 4 September 2013, the Federal Court allowed the Purchasers' appeal, set aside the decision of the Court of Appeal and affirmed the decision of the High Court.

On 4 March 2014, the Federal Court dismissed MCSB's application for a judicial review.

On 31 July 2014, the Board convened an Extraordinary General Meeting to seek shareholders' approval for the disposal of the additional 99,998 shares in RRSB issued in February 2005 and the plantation and palm oil mill. The proposal was rejected by the shareholders. The Group was served a copy of an Application for Supplementary Orders on 3 July 2014 by the Purchasers for the completion of the sale of the plantation and palm oil mill. On 17 February 2015, the High Court allowed the Purchasers' Application for Supplementary Orders and declined and dismissed the MCSB's cross application to determine certain threshold and/or related questions (including the payment by the Purchasers of the Plantation profits of RM36.7 million as at June 2014 as well as the implication of the Section 132C of the Companies Act, 2016 in Malaysia).

On 15 September 2015, the Court of Appeal dismissed MCSB's and RRSB's appeals against the decision of the High Court.

Subsequently, the Group's solicitors had filed application to the Federal Court for leave to appeal against the Court of Appeal's decision.

On 13 February 2017, the Federal Court dismissed the Group's applications for leave to appeal against the Court of Appeal's decision.

Suit 145 ("Case 2")

On 15 April 2016, the Company ("the Plaintiff") filed a civil suit at the Kuala Lumpur High Court against MCSB ("the 1st Defendant"), Yong Toi Mee ("the 2nd Defendant"), Cheang Kim Leong ("the 3rd Defendant") and RRSB ("the 4th Defendant") seeking the following declaration and/or orders ("Case 2"):

(a) A declaration that the resolution of the Plaintiff's shareholders dated 20 June 2002 for, inter alia, the Proposed Disposal of two (2) RRSB Shares comprising two (2) ordinary shares of RM1.00 each in RRSB held by the Company to 2nd and 3rd Defendants ("Purchasers") and the repayment by the Purchasers of the Shareholders' Loan of RM30,600,000 ("the 2002 Plaintiff's Shareholders' Resolution") has lapsed and is of no further legal effect;

(b) Alternatively, declaration that the Sale and Purchase Agreement between the 1st,2nd and 3rd Defendants dated 2 April 2002 and the 2002 Plaintiff's Shareholders Resolution does not cover or apply to the increase of 99,998 new ordinary shares of RM1.00 each in the 4th Defendants dated 7 February 2005 ("the Impugned Shares") and the oil palm mill and plant and machines situated on HS(D) 13127 Lot No 11644, Mukim Durian Sebatang, Daerah Hilir Perak ("the Mill");

(c) A declaration that the 1st Defendant has no lawful authority to dispose of or transfer the Impugned Shares and the Mill to the 2nd and 3rd Defendants or their nominees;

(d) A declaration that any transfer of the Impugned Shares and the Mill by the 1st Defendant to the 2nd and 3rd Defendants shall be in contravention of Section 132C of the Companies Act, 1965 in Malaysia and accordingly null and void;

(e) Alternatively, in the event the 1st Defendant is liable to transfer the Impugned Shares and the Mill to the 2nd and 3rd Defendants notwithstanding Section 132C of the Companies Act, 1965 in Malaysia, a declaration that the Plaintiff and its directors shall be relieved of any liability whatsoever under Section 132C of the Companies Act 1965, in Malaysia and/or at law arising or incurred in respect of or attributable to such transfer;

(f) An order that the 1st Defendant is restrained from transferring and delivering to the 2nd and 3rd Defendants the legal and beneficial ownership of the Impugned Shares and the Mill;

(g) An order that the 2nd and 3rd Defendants are restrained from receiving the transfer of the legal and beneficial ownership of the Impugned Shares and the Mill;

29. Material litigation (continued)

Suit 145 ("Case 2") (continued)

(h) A declaration that the appointment of the 2nd and 3rd Defendants as directors of the 4th Defendant in null and void;

(i) A declaration that all acts purportedly done by the 2nd and 3rd Defendants as directors of the 4th Defendant prior to the dated of this Judgment are null and void;

(j) An order that 2nd and 3rd Defendants be removed and retained from acting as directors of the 4th Defendant;

(k) An order that the plaintiff shall be at liberty to apply;

(l) Costs; and

(m) Such further orders and/or relief as this Honorable Court deems fit and proper.

On 11 April 2017, the High Court dismissed the Plaintiff's claim with cost.

The High Court in its summary of grounds of decision expressed the view that the Sale and Purchased Agreement between the 1st Defendant and the 2nd and 3rd Defendants dated 5 April 2002 was for the sale of the entire paid-up capital of the 4th Defendant, regardless of the subsequent increase in the paid-up capital of RRSB .

The High Court further observed that although the Company as a public-listed company has the legal standing to seek redress based on Section 132C of the Companies Act, 1965 in Malaysia in respect of a disposal by its subsidiary of a substantial portion of the Company's undertaking or property, the High Court expressed the view that in the present case the issue of Section 132C of the Companies Act, 1965 in Malaysia had been determined by the courts in Ipoh High Court Suit No. 22-109-2007 during the Purchasers' Application for Supplementary Orders and the Company cross-application to determine threshold legal issue therein, and therefore the Company was prevented from raising the same issue in the present case.

The Company has filed an appeal to the Court of Appeal against the High Court's decision.

Suit 326 ("Case 3")

On 4 August 2016, Yong Toi Mee and Cheang Kim Leong ("the Purchasers") filed a civil suit against the Company, the Board Directors, its Chief Executive Officer and MCSB. In the said suit, the Purchasers are suing against the defendants purportedly based on ("Case 3"):

(a) Alleged abuse of process
(b) Alleged conspiracy to injure the Purchasers by lawful and unlawful means.

On 31 May 2017, the High Court dismissed the Company's counterclaim, allowed the Purchasers' claim and awarded them following:

(a) Special damages of RM29,235,678;
(b) General damages of RM1,000,000;
(c) Exemplary damages RM250,000; and
(d) Post-judgment interest at 5% per annum and costs.

The High Court in its summary of grounds of decision expressed the view that the filling of the Federal Court Review application and Enclosure 69 by the Company in Ipoh High Court suit No.22-109-2007 and the filling of Kuala Lumpur High Court Suit No.WA-22NCC-145-04/2016 by the Company amounted not only to the tort of abuse of process but also the tort of conspiracy to injure.

The Company and MCSB had filed appeals to the Court of Appeal against the High Court decision on 31 May 2017.

In previous financial year, the Group recognised the disposal of its prepaid land lease payments and plant and machinery relating to Case 1 as mentioned above and recognised a gain on disposal RM25,646,787.

The Court of Appeal has fixed 3 December 2018 for further case management and hearing on 4 and 5 March 2019 for the consolidated appeals of Cases 2 and 3.

30. Significant events

The significant events of the Group have been disclosed in detail in Note 29 to the financial statements as material litigation.

31. Capital commitments

	Group 2018 RM	Group 2017 RM
Approved and contracted for:		
- Investment properties	-	6,009,016

32. Prior year adjustment

Investment Properties

In the previous financial years, the investment properties had been classified as property, plant and equipment in non-current asset. The freehold land, buildings, air-conditioner, renovation, and fixtures and fittings were held to earn rental income or for capital appreciation and or for both. As such, the properties should be classified as investment properties in accordance to *MFRS 140, Investment Property.*

The following adjustments arising therefrom have been adjusted as a prior period adjustment in accordance with the requirements of *MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors*.

Consolidated statement of financial position as at 30 June 2017:

	As previously stated RM	Adjustment RM	As restated RM
Non-current asset			
Property, plant and equipment	55,544,774	(55,348,147)	196,627
Investment properties	1,111,500	55,348,147	56,459,647

33. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation as follows:

	As audited 2017 RM	As restated 2017 RM
Consolidated statement of financial position:		
Current liabilities		
Non-trade payables	605,571	862,672
Provisions	34,852,791	34,595,690
Statement of financial position:		
Current liabilities		
Non-trade payables	330,679	559,375
Provisions	1,722,134	1,493,438

34. General information

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

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business of the Company is located at 2nd Floor, 23 Jalan Kong Sang, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors on 17 October 2018.

FINANCIAL CALENDAR

◄ FINANCIAL YEAR FROM 1 JULY 2017 TO 30 JUNE 2018 ►

FINANCIAL RESULTS		
First Quarter ended 30 September 2017	Announced On	22 Nov 2017
Second Quarter ended 31 December 2017	Announced On	12 Feb 2018
Third Quarter ended 31 March 2018	Announced On	23 May 2018
Fourth Quarter ended 30 June 2018	Announced On	28 Aug 2018
NOTICE OF ANNUAL GENERAL MEETING		**29 October 2018**
28th ANNUAL GENERAL MEETING		**28 November 2018**

ANALYSIS OF SHAREHOLDINGS

◂ AS AT 26 SEPTEMBER 2018 ▸

Share Capital

Issued and paid-up capital	:	RM75,000,000.00
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share
No. of shareholders	:	1,609

Director's and Chief Executive Officer's Shareholdings

Name of Directors	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	14,476,008	19.30	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	4,460,800**	5.95
Chew Loy Chee	3,152,188	4.20	360,000**	0.48
Kan Ah Chun	2,279,960	3.04	-	-
Muhayuddin Bin Musa	-	-	-	-
Johari Low Bin Abdullah	-	-	-	-
Ang Poo Guan	-	-	168,500***	0.22

Notes:

* *Deemed indirect interest by virtue of him being a director and shareholder in Wawasan Lembaran Sdn Bhd which in turn holds 4.92% in Malpac Holdings Berhad.*

** *Indirect interest through family members.*

*** *Chief Executive Officer*

Size of Shareholdings

Size of Holdings	No. of Holders	% of Holders	No. of Shares Held	% of Issued Shares
Less than 100	11	0.68	525	0.00
100 - 1,000	571	35.49	551,623	0.74
1,001 - 10,000	886	55.07	3,333,900	4.45
10,001 - 100,000	106	6.59	3,278,200	4.37
100,001 - 3,749,999*	30	1.86	26,628,748	35.50
3,750,000 and above**	5	0.31	41,207,004	54.94
	1,609	100	75,000,000	100

* *Less than 5% of issued shares.*

** *5% and above of issued shares*

Substantial Shareholders

Name of Substantial Shareholders	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	14,476,008	19.30	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
Advance Synergy Capital Sdn Bhd (ASCSB)	8,037,500	10.72	-	-
Advance Synergy Berhad (ASB)	-	-	8,037,500^	10.72
Dato' Ahmad Sebi Bakar	-	-	8,037,500+	10.72
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	4,460,800**	5.95

Notes:

* *Deemed indirect interest by virtue of him being a director and shareholder in Wawasan Lembaran Sdn Bhd which in turn holds 4.92% in Malpac Holdings Berhad.*

** *Indirect interest through family members.*

^ *Deemed interested by virtue of its interest in ASCSB, a wholly-owned subsidiary.*

\+ *Deemed interested by virtue of his substantial shareholdings in ASB.*

30 Largest Shareholders

No.	Name of Shareholders	No. Of Shares Held	% of Issued Shares
1.	Lim Hong Liang	14,476,008	19.30
2.	Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75
3.	Advance Synergy Capital Sdn Bhd	8,037,500	10.72
4.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mary Tan @ Tan Hui Ngoh (STF)	4,460,800	5.95
5.	Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22
6.	Wawasan Lembaran Sdn Bhd	3,691,900	4.92
7.	Chew Loy Chee	3,152,188	4.20
8.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock	3,060,800	4.08
9.	Teo Siew Lai	3,000,000	4.00
10.	Kan Ah Chun	2,279,960	3.04
11.	Ng Faai @ Ng Yoke Pei	2,209,300	2.95
12.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Garth Kevin Albuquerque	2,001,000	2.67
13.	Loh Siew Hooi	1,656,800	2.21
14.	Goh Siang Kuan	958,400	1.28
15.	Lee Chin Hwa	387,000	0.52
16.	Chin Kian Fong	380,000	0.51
17.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Soh Chee Wen	365,000	0.49
18.	Yap Ah Ngah @ Yap Neo Nya	360,000	0.48
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	344,000	0.46
20.	Goh Ah Peng	289,600	0.39
21.	Tong Seow Mei	225,000	0.30
22.	Law Chee Pei	210,000	0.28
23.	Tan Kim Tee	205,700	0.27
24.	Tan Akuan	203,000	0.27
25.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	199,000	0.26
26.	Lim Yee Lin	175,000	0.23
27.	Yeap Lean Khim	168,500	0.22
28.	Teo Kwee Hock	164,300	0.22
29.	RHB Nominees (Tempatan) Sdn Bhd RHB Investment Bank Berhad For Omega Securities Sdn Bhd (Unpaid Shares)	158,000	0.21
30.	Chin Kiam Hsung	150,000	0.20
	Total	67,201,452	89.60

LIST OF PROPERTIES HELD

◂ AS AT 30 JUNE 2018 ▸

Location	Description (Building Age)/ Existing Use	Tenure	Land Area/ Built-up Area	Net Book Value (RM'000)	Date of Acquisition
Lot P.T.65571 Mukim Tebrau Daerah Johor Bahru Johor Darul Takzim	Vacant commercial land	Freehold	6.74 hectares	37,364	9.9.2003
PTD 58152-58177 HS(D) 216990-217015 PTD 58179-58211 HS(D) 217016-217048 PTD 58213-58331 HS(D) 217049-217167 Mukim of Tebrau Daerah of Johor Bahru Johor Darul Takzim	178 vacant bungalow lots	Freehold	113,369.85 sq. metres	15,118	9.9.2003
Lot 491 Mukim & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	6.481 acres	679	5.10.2004
Lot 5142 Bandar & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	34.50 poles	206	5.10.2004
B-6-10, B-9-10, B-12-3A West Wing 10 Semantan No. 10 Jalan Semantan 50490 Kuala Lumpur	3 units of 2-bedroom condominium (9 years)/ 2 units vacant 1 unit tenanted	Leasehold (expiring 3.6.2108)	980 sq. feet per unit	1,085	27.6.2008
No.16-01 PT No. 200, Seksyen 1 Bandar Tanjong Tokong Daerah Timur Laut Pulau Pinang	A 4-bedroom condominium (8 years)/ for own use	Freehold	6,300 sq. feet	1,916	11.2.2009
Unit 906 Unit 907 Unit 1607 Unit 1707 Of Branz Tower Wellith Shinsaibashi South, 1-45-1, 1-45-6 Higashi-Shinsaibashi, Chuo-ku, Osaka, Japan	Residential condominium (newly completed in December 2017)	Freehold	430.77 685.12 685.12 685.12 sq. feet	1,092 1,662 1,723 1,730	22.12.2017
20-L, Sinaran TTDI, Jalan Mohd Fuad 4, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	A 4-bedroom service condominium (7 years)	Freehold	2,217 sq. feet	1,031	12.10.2017
A13-2, Residensi Hijauan, TTDI No. 1, Jalan Wan Kadir 5, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	A 4-bedroom service condominium (4 years)	Freehold	2,973 sq. feet	2,487	12.10.2017

PROXY FORM

MALPAC HOLDINGS BERHAD (197424-V)
(Incorporated in Malaysia)

No. of Shares held	
CDS Account No.	

I/We ______________________________ NRIC No./Company No. ____________________
(FULL NAME OF PROXY IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a *Member / Members of **MALPAC HOLDINGS BERHAD** hereby appoint:

(1) ______________________________ NRIC No. ____________________
(FULL NAME OF PROXY IN BLOCK LETTERS)

of ____
(FULL ADDRESS) *(NO. SHARES REPRESENTED)*

or failing him/ (2) ______________________________ NRIC No. ____________________
(FULL NAME OF PROXY IN BLOCK LETTERS)

of ____
(FULL ADDRESS) *(NO. SHARES REPRESENTED)*

or failing *him/her, the *Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf, at the Twenty-Eighth Annual General Meeting of the Company to be held at Royal Selangor Club Kiara Sports Annexe, Bukit Kiara Sports Annexe, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 28 November 2018 at 11.00 a.m. and at any adjournment thereof.

No.	Resolutions	FOR	AGAINST
1	To approve the payment of Directors' Fees of RM60,000.00 for the financial year ended 30 June 2018.		
2	To approve the payment of Directors' benefits of up to RM356,300.00 for the period from 29 November 2018 till the next Annual General Meeting of the Company.		
3	To re-elect Mr Gan Teck Chong @ Gan Kwan Chong as Director.		
4	To re-elect Encik Johari Low Bin Abdullah as Director.		
5	To re-appoint Messrs PKF as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
6	To grant authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
7	To approve the Proposed Renewal of Authority for Share Buy-Back.		
8	To approve Encik Johari Low Bin Abdullah to continue to act as an Independent Non-Executive Director.		
9	To approve Encik Muhayuddin Bin Musa to continue to act as an Independent Non-Executive Director.		

(Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)
** Strike out whichever not applicable*

As witness my/our hand(s) this……………..day of…………………..2018

____
Signature of Member(s) /Common Seal

Contact Number:

Notes:

(a) A proxy need not be a Member of the Company.
(b) To be valid, the form of proxy, duly completed must be deposited at the Registered Office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
(c) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, in which event it may appoint not more than two(2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
(d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
(e) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proxies shall not be valid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
(f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
(g) Only members whose names appear in the Record of Depositors as at 19 November 2018 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

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STAMP

THE COMPANY SECRETARY
MALPAC HOLDINGS BERHAD
(197424-V)
Unit 30-01, Level 30, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No.8 Jalan Kerinchi,
59200 Kuala Lumpur

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MALPAC

Malpac Holdings Berhad
(197424-V)

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