



ANNUAL  
REPORT  
2018

AVILLION  
BERHAD

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## **VISION**

To aspire for excellence, the highest quality and standards in the delivery of our products and services to every customer and become an employer of choice

## **MISSION**

To drive profitability and achieve a healthy balance sheet thereby enhancing shareholders value

Foster best corporate governance, corporate social responsibility, human resources and employment practices

Inculcate a culture of best practices and standards in customer service and care amongst staff and enhancing value for money for all customers

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Sri Dato' Sri Dr. Samsudin Bin Hitam** (Chairman)

**Yulina Binti Baharuddin** (Non-Independent Executive Director)

**Onn Kien Hoe** (Independent Non-Executive Director)

**Dato' Faisal Zelman Bin Datuk Abdul Malik** (Independent Non-Executive Director)

## MEMBERS OF AUDIT COMMITTEE

**Onn Kien Hoe**

(Chairman, Independent Non-Executive Director)

**Tan Sri Dato' Sri Dr. Samsudin Bin Hitam**

(Independent Non-Executive Director)

**Dato' Faisal Zelman Bin Datuk Abdul Malik**

(Independent Non-Executive Director)

## NOMINATION COMMITTEE

**Tan Sri Dato' Sri Dr. Samsudin Bin Hitam**

(Chairman, Independent Non-Executive Director)

**Dato' Faisal Zelman Bin Datuk Abdul Malik**

(Independent Non-Executive Director)

**Onn Kien Hoe**

(Independent Non-Executive Director)

## REMUNERATION COMMITTEE

**Dato' Faisal Zelman Bin Datuk Abdul Malik**

(Chairman, Independent Non-Executive Director)

**Tan Sri Dato' Sri Dr. Samsudin Bin Hitam**

(Independent Non-Executive Director)

**Onn Kien Hoe**

(Independent Non-Executive Director)

## COMPANY SECRETARY

**Wong Youn Kim**

(MAICSA No. 7018778)

## REGISTERED OFFICE

Unit 8E, Level 8, Wisma YPR  
No. 1, Lorong Kapar, Off Jalan Syed Putra  
58000 Kuala Lumpur

**Tel:** 03-2262 0100

**Fax :** 03-2262 0293

## PRINCIPAL AUDITORS

**AljeffriDean** (AF1366)  
Chartered Accountants (Malaysia)

## STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

## SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd (378993-D)  
Level 6, Symphony House,  
Pusat Dagangan Dana 1,  
Jalan PJU 1A/46,  
47301 Petaling Jaya, Selangor, Malaysia.

**Tel:** 03-78490777

**Fax:** 03-78418151/52

## PRINCIPAL BANKERS

RHB Bank Berhad  
Malayan Banking Berhad  
CIMB Bank Berhad  
Bangkok Bank Berhad  
Hong Leong Bank Berhad

# AVILLION PORT DICKSON AWARDS

**2017**

**World Luxury Hotel Awards 2017**

Winner - Luxury Beach Resort, Malaysia Category  
Winner - Luxury Spa Hotel, Malaysia Category



**International Hotel Awards 2017-18**

Best Large Hotel  
Best Resort Hotel  
Best Spa Hotel  
Best Wedding Venue

**World Luxury Restaurant Awards 2017**

Regional Winner:  
Luxury Family Restaurant

**2016**

**World Luxury Hotel Award 2016**

Winner – Luxury Spa Hotel,  
Malaysia Category



**2015**

**19th Malaysia Tourism Award 2014/15**

Best Spa Category (Finalist)

**2012**

**World Luxury Hotel Awards 2012**

Country Luxury Boutique Hotel

**Best of Malaysia Awards 2012**

Best Family Stay, Excellence Awards

**2011**

**World Luxury Hotel Awards 2011**

Country Luxury Boutique Hotel

**2010**

**World Luxury Hotel Awards 2010**

Luxury Boutique Hotel

**HotelClub Awards 2010**

Outstanding Beach Resort

**2000**

**Pertubuhan Akitek Malaysia (PAM) 2000**

Hotel & Resort Buildings:  
Excellence Award in Architecture

# AVILLION ADMIRAL COVE AWARD

**2018**

**MAH Hotel Management Grand Prix Awards**

Second Runner-Up Prize



# AVI SPA AWARDS

2017

## Haute Grandeur Global Hotel Awards 2017

Best Resort Spa in Malaysia



2016

## Luxury Lifestyle Awards

Winner – Luxury Spa & Wellness Centre of Malaysia 2016

## World Luxury Spa Awards

Best Luxury Resort Spa(Finalist)

## Hospitality Asia Platinum Awards Malaysia (HAPA), Malaysia Series 2016-2018

Winner, HAPA Indulging Spa of the Year  
Tempting Experience

2015

## World Luxury Spa Awards

Winner - Best Luxury Resort Spa

## Luxury Lifestyle Awards

Winner – Luxury Spa & Wellness Centre of Malaysia 2015

2014

## World Luxury Spa Awards 2014

Winner, Best Luxury Resort Spa  
Finalist, Best Luxury Destination Spa

2013

## Hospitality Asia Platinum Awards Malaysia (HAPA), Malaysia Series 2013-2015

Winner, HAPA Indulging Spa of the Year - Tempting Experience

## World Luxury Spa Awards 2013

Finalist, Best Luxury Resort Spa

2012

## World Luxury Spa Awards 2012

Best Luxury Emerging Spa

## Asia Pacific Property Awards 2012

Leisure Architecture for Malaysia

2010

## Hospitality Asia Platinum Awards Malaysia (HAPA), Series 2010-2012

HAPA Best Experience

2009

## Malaysia Spa & Wellness Awards (MSWA) 2009

Best New Spa  
Best Traditional Treatment, Malay Strength

## Harper's Bazaar Spa Awards 2009

Most Unique Spa Destination

## The Malaysian Women's Weekly 2009

Best Spa with a View: Best In Beauty - Quality, Results & Services

## Asia Pacific Interior Design Awards (APIDA) 2009

Silver Award Recipient

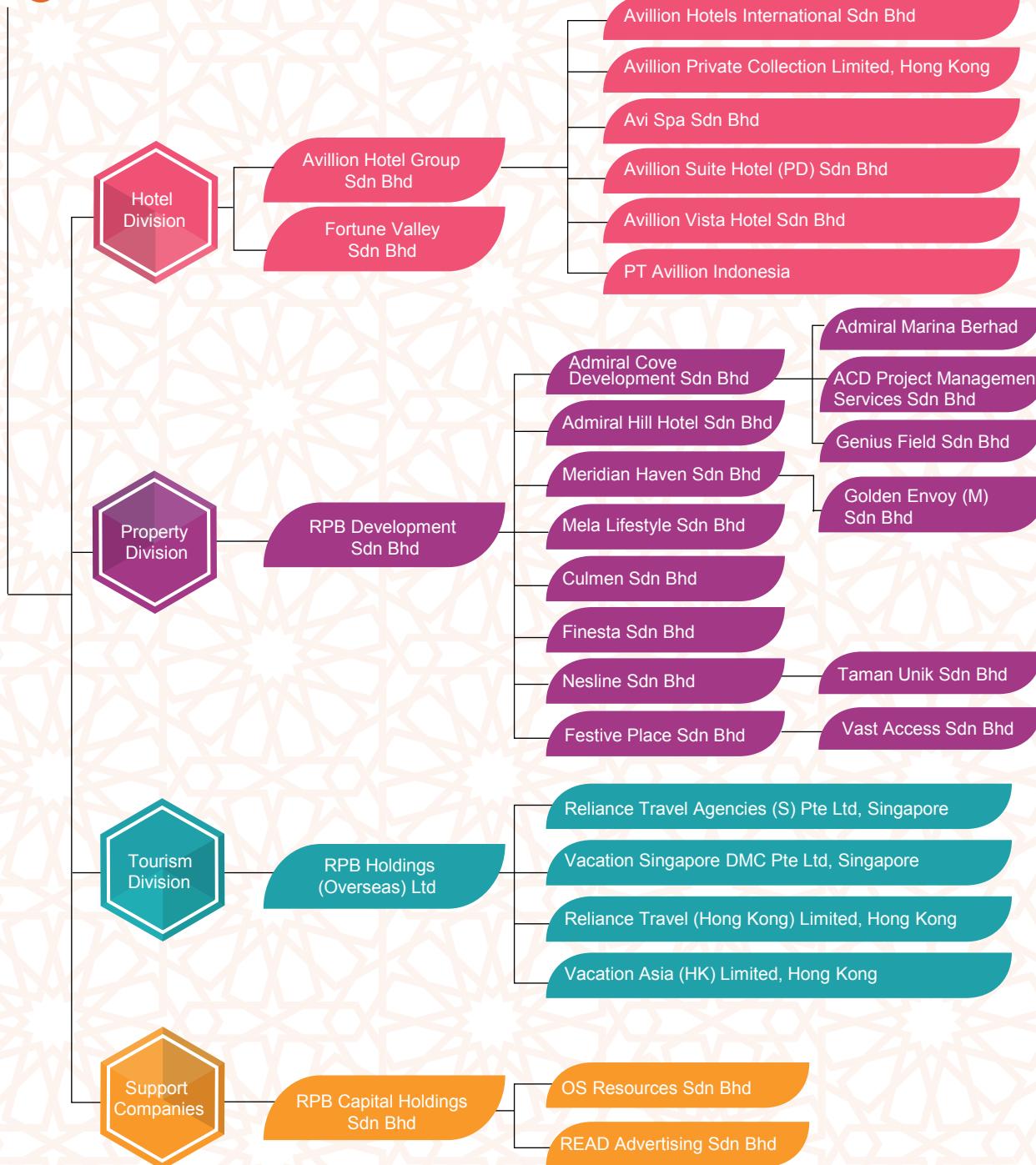


# GROUP STRUCTURE

## AS OF 31 MARCH 2018



### AVILLION BERHAD formerly known as RELIANCE PACIFIC BERHAD



# CHAIRMAN'S STATEMENT

*The FY ended 31 March 2018 witnessed a new addition to the portfolio of Avillion Hotels with Avillion Cameron Highlands opening its doors in February 2018.*

## INTRODUCTION

In the period under review, the Malaysian economy performed well above expectations last year. Real GDP grew by 5.9% year-on-year (y-o-y), driven primarily by a resilient domestic demand due to the improvements in both investment and consumption and reinforced by a sturdy global demand.

Global growth is expected to continue its momentum in 2018 at 3.7%, slightly higher than 3.6% for 2017. Malaysia's 2018 GDP growth is forecasted at 5.3% with domestic demand as the key support for growth at 6.6% (2017: 6.5%), driven by increased public spending amid steady private spending.

The services sector is expected to contribute significantly to the 2018 GDP growth as indicated by strong investment in the sector last year. The sector is projected to grow by 6.0% this year, marginally slower than last year (6.2%), contributing to 54.7% of total GDP.

## PROGRESS

The FY ended 31 March 2018 witnessed a new addition to the portfolio of Avillion Hotels with Avillion Cameron Highlands opening its doors in February 2018. This marks the beginning of our ambitious plan to expand our network of hotels throughout Malaysia. I am happy to share that the Avillion Hotel Group has signed two HMAs that will see the expansion of the Avillion Hotel brand to Bukit Tinggi and Johor Bahru. The company is always on the lookout to undertake more HMAs to expand the Avillion Hotel footprint.

Our property division has successfully launched Phase 2A of the Desa Impian development in Bandar Tenggara, Johor, a mixed development encompassing 52 commercial units and 50 residential units. The property division is looking into unlocking the value of our existing land banks especially in the Klang Valley.

The accompanying Management Discussion and Analysis will expand further on this year's financial performance, segmental business review and prospects of the the respective divisions.

I would like to assure our shareholders that the Board of Directors will continue to provide guidance and oversight to the Management to ensure that the company will keep making progress in the near future.

## APPRECIATION

First and foremost, I would like thank my fellow directors for all their advice and independent judgement in discussion the companies' issues, and in helping to steer the direction of the company.

My heartfelt appreciation goes to the Management and entire staff of Avillion Berhad, who are really the heart of the company for their relentless dedication and commitment in improving and helping the company grow. Special thanks also go to our stakeholders including our shareholders and customers for your continued support and confidence in the Board.

Thank you.

**Tan Sri Dato' Sri Dr. Samsudin Bin Hitam**

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview of the Business

Avillion Berhad (formerly known as Reliance Pacific Berhad) core businesses remain unchanged. The Group's portfolio consists of synergistic businesses divided into three core divisions, namely Hotel, Property & Travel, which mainly focuses on the Group's principal activities respectively. The Group continues to face challenging operating environment as a result from being skewed in the Services and Hospitality industry whereby demand is interdependent to the state of the economy, public and corporate sector spending and the disposable income of households.

## Highlights

17th September 2017 – Inaugural Cycling Event, Avillion Coastal Ride 2017  
 20th September 2017 – Signing Ceremony of MOU for a new Bukit Tinggi Hotel  
 16th January 2018 – The Opening of Avillion Cameron Highlands  
 24th February 2018 – The Launch of Phase 2A, Desa Impian Bandar Tenggara Johor Bahru

## Financial Performance

For the Financial Year (FY) ended 31 March 2018, the Group recorded Revenue of RM131 million, a decline of 14.7% against the preceding FY. However, net loss recorded has shown a reduction of 54.4% when compared to the preceding FY. Furthermore, better results of the Group performance is reflected by the lower Provision for Impairment and write-offs of RM0.971 million FY ended 31 March 2018 against preceding FY of RM15.948 million, a 94% improvement against preceding FY. As such, the performance of the Group before Interest, Tax, Depreciation and Amortization, has turned around to record a profit of RM6.494 million compared to the preceding FY Loss of RM8.849 million.

The Management is pleased to report that the Group has recorded improvements for five consecutive quarters of Operating Profit before Interest, Tax, Depreciation and Amortization from Q3, FY 2016/17 despite having recorded losses before Interest, Tax, Depreciation and Amortization for Q4, FY ended 31 March 2018. Despite the OPBITDA losses this FY, the Group has minimized losses based on the organizational strengths focused on increasing yield and productivity, reflected in the result of a 54.4% decrease in net loss recorded in this FY ended 31 March 2018 as compared to preceding FY.

## Segmental Business Review

### 1. Hotel Division

The Hotel Division registered a total Revenue and Profit after Depreciation before Tax for FY ended 31 March 2018 of RM42.900 million and RM0.566 million respectively as compared to RM40.904 million and Profit after Depreciation before Tax of RM0.028 million for preceding FY. Despite the decrease of Revenue and Loss before Taxation in the 4th Quarter, cumulative Revenue continues to see an uptrend. The management continues its involvement in the recalibration and revamping of sales and marketing strategies.

### 2. Property Division

Following the launch of Phase 2A Desa Impian, the division is currently focused on the preparation of subsequent launches of other phases. However, as it registered a Loss before Taxation of RM2.326 million FY ended 31 March 2018, a decrease of 282% compared to preceding FY focus is now on plans to develop residences and holiday villas on the division's land banks located in Kuala Lumpur and Port Dickson. The lower revenue registered by Golden Envoy (M) Sdn Bhd and Admiral Cove Development Sdn Bhd are reasons for the decrease reflected in the 4th Quarter ended 31 March 2018.

## Management Discussion and Analysis (Cont'd)

### Segmental Business Review (Cont'd)

#### 3. Travel Division

The Travel Division's Revenue recorded a decrease of 22% to RM76.195 million in FY ended 31 March 2018 against preceding FY of RM98.435 million. However, the Loss after Depreciation before Taxation FY ended 31 March 2018 was also recorded lower at RM3.556 million, a 68% reduction when compared with preceding FY of RM11.103 million. The rationalisation exercise continues as results improve from a much leaner structure while optimising revenue.

### Prospects

#### 1. Hotel Division

The Group announced the opening of Avillion Cameron Highlands on 16th January 2018. Another milestone for the Group as it is the first Avillion hotel in Pahang and the fifth in its chain of Avillion-managed hotels. Since the opening, the rise in hotel occupancy has brought positive contributions which is expected to grow in the reporting and remaining quarters following improved sales and marketing strategies.

The latest Hotel Management Agreement (HMA) successfully entered, is to manage a new 153 rooms hotel in Johor Bahru, which is now under development. The HMA is between Avillion Hotels & Bintang Kencana Group.

The Group is determined to work towards attaining more new hotel management contracts by leveraging its globally recognised hotel brand which is in line with the Group's strategic ambition of becoming a premier home-grown chain of hotels, managing hotels locally and abroad. Focus will be given to yield and productivity.

#### 2. Property Division

The Group launched its second phase of Desa Impian in Bandar Tenggara, Johor. Desa Impian is a mix development project that sits on 165 acres of land. Since the launch on 24th February 2018, the division is expected to contribute positively to the Group Financial year and beyond, following the plans of fully developing the land and the continuous launches of subsequent phases.

Moreover, the plans for the development of our land bank in Kuala Lumpur and Port Dickson will be another step forward in paving our way to being the market leader of the industry.

#### 3. Travel Division

The Group remains cautious with the performance of its travel division as margins are pressured by consolidation within the industry. The inbound sector in Hong Kong suffered a decrease of 48% mainly due to a drop in tourist arrivals from China along with the new business direction of Eva Air, a huge contributor for the division in VAHK previously. Another contributing factor to this decrease is the lower business volume received by TDC. In Singapore, the outbound sector has dropped tremendously by 66% as ticketing sales fell due to strict restrictions of credit to corporate clientele. As a result, the travel division will continue to undergo rationalization whereby focus is to optimize revenue by operating on a more lean structure.

### Risks

Apart from normal business and operational risks as in any other business, we are of the opinion that there are no material risks facing the Group. We will ensure that all risks are diligently managed and mitigated to prevent any unforeseen circumstances that may severely impact the performance of the Group.

### Concluding Remarks

With the renewed enthusiasm and stronger business confidence, we are cautiously optimistic that the Group will perform better than preceding FY. With measures in place and prudent cost management, we believe the Group is poised to continue to grow.

## PROFILE OF DIRECTORS



### TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM

*Chairman and Independent Non-Executive Director*

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam, a Malaysian aged 71, was appointed to the RPB Board on 6 March 2015. He is also Chairman of the Nomination Committee and member of the Audit and Remuneration Committees.

Tan Sri graduated with BA (Hons) from the University of Malaya and obtained a MSc in Agricultural Economics from the University of Wisconsin, USA. He later pursued his PhD in Land Resources with the University of Wisconsin, USA.

Tan Sri has served in the Ministry of Finance (1970 - 1982) and the Economic Planning Unit (1986 – 2000). While with the Economic Planning Unit, he was promoted to Director General of EPU. In 2000, he was appointed as Secretary General of the Ministry of Finance. He retired from the Public Service in 2004.

During his tenure with the Government, Tan Sri was also a director of various corporations, including Petroliam Nasional Berhad, Khazanah Nasional Berhad, HICOM Holdings Berhad, Malaysia Airlines Berhad, and Pos Malaysia & Services Holdings Berhad.

Tan Sri is currently the Chairman of Rosegate Insurance Brokers Sdn. Bhd.



### YULINA BINTI BAHARUDDIN

*Non-Independent Executive Director*

Puan Yulina Binti Baharuddin, a Malaysian aged 52, was appointed to the Board on 4 November 2016.

She graduated with a BSc in Finance from California State University, Sacramento USA in 1987. She has been involved in property investments and short stints in retailing followed. She spent 6 years living abroad until 2011 and her involvement in the family business grew.

Puan Yulina started a career in stockbroking with various securities companies such as Arab Malaysian Securities and Rashid Hussain Securities immediately after graduation. She became an Executive Director in Seremban Securities Sdn Bhd and Malpac Berhad. She retired from the field in 1997. Since then, she manages property, retail and other investment pursuits.

Puan Yulina is a Director in Ibu Kota Developments Sdn Bhd, the substantial shareholder of the Company.

**Profile of Directors (Cont'd)****ONN KIEN HOE***Independent Non-Executive Director*

Mr. Onn Kien Hoe, a Malaysian aged 53, was appointed to the Board on 1 June 2016.

He is a fellow member of the Association of Chartered Certified Accountants (ACCA) and he has been involved in the auditing profession since 1988.

He joined Crowe Malaysia (then known as Mok & Poon) in 1994 and was in charge of the audit of listed companies and multi-national companies. He is now the Co-head of the Corporate Advisory department of Crowe Malaysia in Kuala Lumpur. He has extensive experience in cross border transactions involving mergers and acquisitions, listing, reverse takeovers, due diligence reviews and valuation assignments. He has been involved in transactions on international stock exchanges including London, Hong Kong, Singapore, Australia and Malaysia.

Mr. Onn currently sits as an Independent Non-Executive Director of MAA Group Berhad, MAA International Group Ltd, Nova MSC Berhad, Zurich Takaful Malaysia Berhad and Zurich General Takaful Malaysia Berhad. Mr. Onn Kien Hoe has been appointed as a General Committee member of Malaysian International Chamber of Commerce and Industry (MICCI) for the year 2018 – 2019.

**DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK***Independent Non-Executive Director*

Dato' Faisal Zelman Bin Abdul Malik, a Malaysian aged 45, was appointed to the Board on 10 October 2016.

He graduated with a Degree in Automotive Engineering, University of Loughborough, United Kingdom in 1998.

Dato' Faisal started his career as Floor Trader Assistant of Future Trading Sdn bhd in 1992. After that, he joined RMT Metals Sdn Bhd as Marketing Executive in 1993 and subsequently left in 2010.

Dato' Faisal is currently the Managing Director of Semerak Services Sdn Bhd, Ciscorp Asia Sdn Bhd, Group Force Security and Urban Glory Travel Sdn Bhd.

Apart from Avillion Berhad, Dato' Faisal is also an Independent Non-Executive Director of Ire-Tex Corporation Berhad, a company listed on Bursa Malaysia.

**Notes :**

- *None of the Directors have any conflict of interest with the Company.*
- *All the directors have no family relationship with any other director or major shareholder of the Company with the exception of the following Directors:-*
  - ij) *Puan Yulina, who is a Director in Ibu Kota Developments Sdn Bhd, a substantial shareholder of the Company.*
- *None of the Directors have been convicted for any offences within the past five (5) years and have not been imposed by any public sanction or penalty by the relevant regulatory bodies during the financial year.*

## PROFILE OF SENIOR MANAGEMENT



**AMIRUL AZHAR BIN BAHAROM**  
Acting Chief Executive Officer

Amirul Azhar, a Malaysian aged 45, was appointed to the Avillion Board on 16 December 2015 and resigned on 10 October 2016 and had subsequently re-designated as Deputy Chief Executive on 10 October 2016. On 19 September 2017, he was appointed as the Acting Group Chief Executive Officer of Avillion Berhad.

He graduated with LLB Hons from Staffordshire, UK. He began his career as a Research Analyst with Cazenove & Co., a British based investment bank and had been in the financial services industry for a number of years where he was attached with the Securities Commission, BDO Capital Consultants Sdn. Bhd. and KAF Fund Management Sdn. Bhd. He had also served as the Group Managing Director and CEO of Vastalux Energy Berhad. He had also been commissioned by the National Economic Advisory Council and a Member of a Lab for PEMANDU.

He is the Independent Non-Executive Chairman of UMS-Neiken Group Berhad and Independent Non-Executive Director of Rohas Tecnic Group Berhad and Spring Gallery Berhad.



**ANGELINE CHONG**  
Chief Financial Officer

Angeline, a Malaysian aged 55, joined the Avillion Group (previously known as RPB Group) in 1997 and she currently holds the position of Chief Financial Officer of Avillion responsible for Avillion Group's financial and corporate matters.

She is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and member of the Malaysian Institute of Accountants (MIA).

She has more than 30 years experience in financial management, corporate finance, audit, strategic planning and management. In the course of her professional career, Angeline possesses hands-on experience in the financial management of the hotel, property and tourism industry.

**Profile of Senior Management (Cont'd)****HELEN TAN**

Director of Business Development

Helen, a Malaysian aged 58, joined the Company as Director of Sales & Marketing in 2007.

She holds a Bachelor of Science (Hons) in Economics from University College, Cardiff and has more than 35 years experience in the hospitality Industry.

She is primary accountable for maximising revenues by developing promotions and programs to increase occupancy, create brand awareness and sourcing for new hotel management opportunities. As the Director of Business Development, Helen is also responsible for seeking opportunities to further the Group's breadth in terms of property and hotel management.

**ZUKARNINE SHAH BIN ZAINAL ABIDIN**

Director of Property Development

Zukarnine, a Malaysian aged 52 (b. 1966), joined AvillionBerhad on 2 October 2017.

He holds a Bachelor in Combined Studies with Accounting (Hons.) and an MBA (Distinction) from De Montfort Uniiversity, Leicester, UK.

He has 20 years of management level experience in the capacity of Financial Controller, General Manager, Executive Director, Managing Director and CEO of private, public (listed) and state-owned companies. His experience covers day-to-day management, project management, accounting, financial management, strategic planning, business development, international business and corporate exercises (listing, mergers and acquisitions).

His involvement in property development started just prior to the financial crisis of 1997 in 1996 when he was appointed as Director of Sin Yik Development Sdn. Bhd. a 1,500-acre township development in Sungai Petani Kedah. The company later became part of Plenitude Berhad a listed public company involved in property development of which he was a Director from January 2002 to 2013.

His most recent position prior to joining Avillion Berhad was with the Tropicana Corporation Group as Executive Director.

**Notes :**

- *None of the Senior Management has any conflict of interest with the Company.*
- *All the Senior Management have no family relationship with any other director or major shareholder of the Company with the exception of the following Senior Management:-*
  - ij) Puan Yulina, who is a Director in Ibu Kota Developments Sdn Bhd, a substantial shareholder of the Company.*
- *None of the Senior Management has been convicted for any offences within the past five (5) years and have not been imposed by any public sanction or penalty by the relevant regulatory bodies during the financial year.*

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Avillion Berhad ("AB" or "the Company") is committed to uphold the high standards of corporate governance throughout AB and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

#### **Practice 1.1 – Board duties and responsibilities**

The Board is responsible and accountable for Company's shareholders and various stakeholders in order to achieve sustainability and long term success through its effective leadership and management of the Company's business. Hence, the Board is responsible for the long-term performance of the Group and for overseeing the Group's strategy and monitoring its operation.

The Board's principal function is to address all the significant matters as it is accountable under the applicable laws and regulations for the Group's activities, strategies, financial position and performance. The Board delegates certain functions to the Board Committees, Acting Group Chief Executive Officer (AGCEO) and the Management, the responsibility for implementing the Group's strategic direction and for managing its day-to-day operations. The Board has delegated specific responsibilities to the committees to assist the Board in corporate governance and operation of the Group. The functions and the Terms of Reference of the committees have been defined by the Board in the Terms of Reference of the respective committees. The Key Matters reserved for the Board's approval are specified in the Board Charter.

The Board adheres to the Code of Conduct and Ethics for Directors which highlights the criteria's that directors should observe in the performance of their duties. The following are the roles and responsibilities of the Board in discharging its fiduciary functions:-

- Leads, controls, provides strategic direction and has the overall responsibilities for corporate governance.
- Formulates key policies, overseeing investments and businesses for the Group.
- Ensures that the Company has appropriate corporate disclosure policies and procedures.
- Establishes succession planning and ensures that all candidates appointed to senior management are of sufficient calibre.
- Identifies principal risks and to ensures the implementation of appropriate internal controls.

#### **Practice 1.2 - Chairman**

The Chairman of the Board is an Independent Non-Executive Director. The Chairman is capable to lead the Board based on his leadership skill, education level and extensive working experience. As the Chairman plays an important role in Board, the Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group, and at the same time be guided by the independent advice and views from the Independent Directors, who offer the necessary checks and balances in the decision making process of the Board.

The Chairman is responsible to promote and oversee the standards of Corporate Governance within the Board and the Company. The Chairman ensures that Board members receive accurate, timely and clear information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.

The Chairman takes a leading role in determining the composition and structure of the Board. This will involve regular review of the overall size of the Board, the balance between executive and non-executive directors and the balance of age, experience and personality of the directors.

The Chairman, whose primary role is to preside over board meetings, has the significant role to ensure that all directors' views are heard, ensure sufficient time for discussion of each agenda, as well as to provide fair opportunity to all directors to participate actively and constructively during the meetings and discussions.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### I. Board Responsibilities (cont'd)

##### **Practice 1.3 – Separation in the roles of Chairman and Chief Executive Officer**

The roles of Chairman and Acting Group CEO are exercised by different individuals. A clear segregation of their responsibilities and powers is stated and defined in the Company's Board Charter. It is made available for reference on the Company's Website. The Chairman is responsible for managing the conduct of the Board and ensuring its effectiveness including ensuring all directors receive sufficient relevant information on all financial, business, operation and corporate matters to enable each of them participate actively and effectively in Board Decision. The Acting Group CEO is responsible for the efficient and effective management of the business operations and strategic direction of the Group.

##### **Practice 1.4 – Company Secretary**

The Board is supported by a qualified and competent Company Secretary who is responsible to advise and regularly update the Board on good governance, board policies and procedures and corporate compliances.

The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements and updates on the developments in the area of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company. The Company Secretary advised and circulated relevant guidelines on new and amended statutory and regulatory requirements from time to time for Board's reference and brief the Board on these updates at Board meetings. The Company Secretary ensure that the company and its directors operate within the law.

The Company Secretary also attends all Board and Board Committee meetings and ensures that the discussions on key deliberations and decisions are properly recorded. The Company Secretary is directly accountable to the Board on all matters in relation to the proper functioning of the Board, maintenance of the corporate documents of the Board, facilitate the Board's communications and monitoring of the implementation of the Board's decisions, where appropriate.

All Directors have full and unrestricted access to the advice and services of the Company Secretary.

##### **Practice 1.5 – Information and support for Directors**

The Board of Directors' Meeting held on a quarterly basis and at other times as required. All the Directors had attended all the Board meetings held during the financial year.

All Directors had committed their time to the board meetings held during the financial year and each Director, in the discharge of his or her duties, had participated actively at the meetings.

Board meetings are a platform for exchange of views, with Directors bringing their experience and independent judgment to discuss the issues at hand. During these meetings, the Board discussed, amongst other matters, the Group's financial position, company policies, risks management, as well as management performance against the corporate targets and budget.

Each Board member is supplied in advance with an agenda, which include minutes of previous meetings, financial reports and other reports relevant to the meeting, to allow the directors sufficient time to review and to deliberate at the board meetings and to facilitate informed decision making by the directors. Management representatives are also present to provide additional insight on matters to be discussed during the Board meetings.

In between Board meetings, matters requiring Board's approval were sanctioned by way of circular resolutions where relevant information on the subject matter was enclosed.

All the Directors had the rights of access to all relevant Company's information, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman. To enable them to effectively exercise their duties and responsibilities, Board meetings regularly included sessions on recent key developments in governance and other corporate matters affecting the Group's businesses.

**Corporate Governance Overview Statement (Cont'd)****PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)****I. Board Responsibilities (cont'd)****Practice 2.1 – Board Charter**

The Board Charter sets out the roles and responsibilities, composition and processes of the Board of Directors ("the Board"). It provides an overview of how the Board leads and provides direction to the Management of the Company. It also sets out the delegation of authority by the Board to various Committees to ensure the Board members in performing their responsibilities on behalf of the Group would act in the best interest of all shareholders. In addition, this Board Charter also outlines the core principles of corporate Governance to which the Company ascribes.

The Board has established three (3) Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference ("TOR") which sets out its functions and duties, composition, rights and meeting procedures. The Board Charter are reviewed and revised periodically to meet changing business, operational and regulatory requirements.

**Practice 3.1 - Code of Conduct and Ethics**

The Group is committed to promoting and maintaining high standards of transparency, accountability and ethics in the conduct of its business and operations. The Group's Employee Handbook govern the terms and conditions of employment and the standards of ethics and good conduct expected of the MD and employees. The Board has established the Code of Conduct and Ethics for Directors (Executive and Non-Executive Directors) which describes the standards of business conduct and ethical behavior for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company or when representing the Company.

**Practice 3.2 – Whistle-blowing Policy**

The Board is committed to the highest standard of integrity, open-ness/transparency and accountability in the conduct of its businesses and operations. It has established the Whistle-blowing Policy that provide a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption.

The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures, appropriate management officials are charged with these responsibilities. This policy is to provide an avenue for all employees of the Company and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

A whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. In addition, an employee who whistleblows internally will also be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed within the Company, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken as to the facts and the rules and procedures involved.

It outlines the procedures for reporting a genuine concern on any breach of conduct that are taking place, have taken place or may take place in the future. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in a good faith. The Whistle-blowing Policy is reviewed annually and is available on the Company's website.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### II. Board Composition

##### **Practice 4.1, 4.2 and Step Up 4.3 – Independent Directors**

The Board currently consists of four (4) members, comprising the Independent Non-Executive Chairman, an Executive Director, and three (3) Independent Non-Executive Directors. Based on the annual review of the composition of the Board carried out by the Nomination Committee, the Board is satisfied that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.

The Independent Non-Executive Directors are independent of management and free from any business, relationship or any circumstance that could materially interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. They have also fulfilled the criteria of an independent director pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Securities.

The Independent Non-Executive Directors have crucial role in ensuring that the Board is an effective board and through which good corporate governance can be promoted throughout the entire Company. They are expected to provide a balanced and independent view. It calls for persons of caliber, integrity, with requisite business acumen, and the credibility, skills and experience to bring independent judgement on issues of strategy, performance, and resources, including key appointments and standards of conduct. Independent Directors must be given free access to the records and information of the company as well as independent legal advice and the services of the company secretary if they find this to be necessary to fulfil their duties.

The Board reviews and assesses the independence of directors annually based on the criteria set by the Nomination Committee. One of the assessment criteria is the ability of the individual director to exercise objectivity in the discharge of his or her responsibilities in the interest of the Company.

The Board had also carried out independence assessment of its Non-Executive Directors in terms of their relationship and dealings with the Company and the Board is of the view that all the Non-Executive Directors remain independent.

The Board is of the view that throughout their tenure, the Independent Directors had demonstrated independence in character and judgement, and had always looked out for the best interest of the Company. The Independent Directors had provided independent views based on their experience and knowledge that allow for diverse and objective perspectives on the Group's business and direction.

In line with the recommendation of the Code, the tenure of an Independent director of the Company shall not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to re-designation of the Independent Director as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' approval will be sought.

##### **Practice 4.4 and 4.6 – Diversity on Board and in Senior Management & Sourcing of Directors**

The Board reviews from time to time the composition of the Board and considers new appointment when the need arises. The Nomination Committee is responsible for assessing and making recommendations to the Board on the candidature of directors based on recruitment criteria established by the Board.

The Nomination Committee has the responsibility to ensure the composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry. In considering potential candidates for appointment, the Nomination Committee undertakes a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.

**Corporate Governance Overview Statement (Cont'd)****PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)****II. Board Composition (cont'd)****Practice 4.4 and 4.6 – Diversity on Board and in Senior Management & Sourcing of Directors (cont'd)**

All Directors have attended and successfully completed the Mandatory Accreditation Programme accredited by Bursa Malaysia Securities Berhad (BMSB). In addition, seminars and conferences organized by BMSB, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board has identified training needs amongst the Directors and enrolled themselves for the training programmes as and when required. Directors may also request to attend additional training to keep abreast of their individual requirements.

All directors are also provided with updates from time to time by the Company Secretary and auditors on matters relating to directors' duties and responsibilities, as well as on relevant regulations. The Company Secretary ensures all appointments are properly made and all necessary information required by the new directors for the proper discharge of their duties is obtained. During the financial year, no new Director was appointed.

When considering nomination or re-election of directors, the Nomination Committee also takes into account the director's ability to devote sufficient time and attention to properly fulfill his/her responsibilities. Besides attending all meetings of the Board and Board Committees on which he or she serves, each member is expected to be present in all shareholders' meetings, major company events and to participate in continuing training programs. The proposed date for AGM are also notified to all Board members in advance, to enable all directors to be present at the meeting and engage with the shareholders.

The Chairman and the Acting Group CEO are responsible for the identification and development of the key Senior Management, as well as to review the succession planning for key management team from time to time. The Chairman and the Acting Group CEO shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who may be suitable or through organisations that may be able to assist in the recruitment process. In selecting the appropriate candidates, the Chairman and Acting Group CEO take into account the candidate's qualification, experience, competence and character. Newly appointed key senior management will have to undergo induction training and/or any other programs.

**Practice 4.5 – Gender Diversity**

The Board through the Nomination Committee will consider appropriate targets for appointment as Board members in terms of gender, ethnicity and age and will take required measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. According to the Board Charter, the Board consists of three male directors and one female director.

The Board is satisfied that the current Board composition fairly reflects a good mix of knowledge, skills and experience. Through its Nomination Committee, the Board will continue to review its structure and composition in order to ensure boardroom diversity and balance of power and authority, which are fundamental to an effective Board.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### II. Board Composition (cont'd)

##### **Practice 4.7 – Nomination Committee**

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to appointment of new Directors, board composition, training program and performance evaluation on effectiveness of the Board, Board Committees and individual directors. Full details of the Nomination Committee's duties and responsibilities are stated in its TOR which is available on the Company's website.

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Senior Independent Director. The Committee meets as and when required, at least once a year. During the financial year, five meetings were held with attendance as follows:

Name of Director	No. of Meetings Attended
Tan Sri Dato' Dr. Samsudin bin Hitam	5/5
Dato' Faisal Zelman Bin Datuk Abdul Malik	5/5
Onn Kien Hoe	5/5

During the financial year, the Nomination Committee had carried out the following activities:

- (a) assessed the performance of the Board, Board Committees and individual Director, including the term of office and performance of the Audit Committee and each of its members;
- (b) reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming AGM;
- (c) reviewed the position of the Senior Independent Director and recommended the same to the Board;
- (d) reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the number upon its effectiveness;
- (e) reviewed the performance of the key Senior Management positions; and
- (f) reviewed and updated its TOR pursuant to the new MCCG

##### **Practice 5.1 – Evaluation for Board, Board Committees and Individual Directors**

The Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors, in order to verify that the Board is functioning appropriately as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interactions, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its TOR. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

**Corporate Governance Overview Statement (Cont'd)****PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)****II. Board Composition (cont'd)****Practice 5.1 – Evaluation for Board, Board Committees and Individual Directors (cont'd)**

Based on the assessment carried out during the financial year, the Nomination Committee had concluded the following:-

- (a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
- (b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
- (c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
- (d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
- (e) The Board Chairman had performed in an excellent manner and contributed to the Board.
- (f) The performances of the Board Committees were found to be effective.

The Board recognizes the importance of continuous training to remain abreast of the latest developments in related industry and changes to the regulatory environment. The assessment on individual directors also provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains informed and relevant. During the financial year, Directors had participated in various training programs. Particulars of the seminars and courses attended are as follows:

<b>Name of Directors</b>	<b>Date</b>	<b>Seminar / Training Course Title</b>
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	27 September 2017	Advocacy Session on Corporate Disclosure
Yulina Binti Baharuddin	27 September 2017	Advocacy Session on Corporate Disclosure
	7 November 2017	CG Breakfast Series - Integrating An Innovation Mindset with Effective Governance
	16 March 2018	Seminar of Directors on Corporate Governance - MSSG Reporting & CG Guide
Onn Kien Hoe	25 & 26 July 2017	National Tax Conference 2017
	11 September 2017	MIA 50th Anniversary Commemorative Lecture
	28 November 2017	2018 Budget Seminar
	6 & 7 February 2018	Updates of the 2017 & 2018 IFRS - Compliant MFRS - Preparing MFRS - Compliant Financial Statements in 2017, 2018 and thereafter

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### III. Remuneration

##### Practice 6.1 – Remuneration Policy

The Board Remuneration Policy was established with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.

In making its recommendation, the Remuneration Committee considered the principles set out in the Board Remuneration Policy. Board remuneration was structured to align rewards to corporate and individual performances besides adequately compensating the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Executive Directors and key Senior Management are subject to an annual performance process. The individual performance rating serves as a basis to determine their variable compensation payments and thereby rewards individual performance. The Board Remuneration Policy also covers bonus framework for the Executive Directors and key Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency capability in meeting the Group's core values and Leadership and Management Expectations.

##### Practice 6.2 - Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its TOR which is available on the Company's website.

The Remuneration Committee comprises mainly of Non-Executive Directors. During the financial year, five meetings were held with attendance as follows:

Name of Director	No. of Meetings Attended
Tan Sri Dato' Dr. Samsudin bin Hitam	5/5
Onn Kien Hoe	5/5
Dato' Faisal Zelman Bin Datuk Abdul Malik	5/5

During the financial year, the Remuneration Committee had carried out the following activities:

- reviewed and assessed the performance and the remuneration package of the Executive Directors;
- reviewed and assessed the Directors' fees and benefits payable for the financial year ended 2018;
- reviewed and assessed the performance and the remuneration package of the key Senior Management; and
- reviewed and updated its TOR;

## Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

## III. Remuneration (cont'd)

Practice 7.1 - Remuneration of Directors

The details of the remuneration of the Directors of the Board (not including directors of the subsidiaries) for the financial year are as follows:

	Fees (RM)	Salaries (RM)	Statutory Contributions (RM)	Other Emoluments (RM)	Benefits in kind (RM)	Total (RM)
<b>Executive Directors</b>						
See Ah Seng (Retired on 25 September 2017)	0.00	333,120.00	38,682.35	-	14,760.00	386,562.00
Yulina Binti Baharuddin	0.00	300,000.00	36,829.00	-	16,980.00	353,809.00
<b>Non-Executive Directors</b>						
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	70,000.00	0.00	0.00	31,000.00	-	101,000.00
Onn Kien Hoe Dato' Faizal Zelman bin Datuk Abdul Malik	63,333.33	0.00	0.00	6,500.00	-	69,833.33
	36,666.67	0.00	0.00	7,000.00	-	43,666.67
<b>Total</b>	<b>170,000.00</b>	<b>633,120.00</b>	<b>75,511.35</b>	<b>44,500.00</b>	<b>31,740.00</b>	<b>954,871.00</b>

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

## I. Audit Committee

Practice 8.1, 8.4 and 8.5 - Audit Committee

The Audit Committee consists of the following members:

- (a) Onn Kien Hoe (Chairman)
- (b) Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
- (c) Dato' Faisal Zelman Bin Datuk Abdul Malik

The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its TOR which is available on the Company's website.

Practice 8.2 and 8.3 - Oversight of External Auditors

During the financial year, in line with the recommended practice 8.2 of the MCGC, the Audit Committee had revised its TOR to include a clause on a minimum cooling-off period of two (2) years before a former key audit partner can be appointed as a member of the Audit Committee.

The Group engaged the External Auditors to perform a non-audit services including review of the Statement of Risk Management and Internal Control. The Board, through its Audit Committee maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the Audit Committee for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The Audit Committee ensured that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit Committee assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

#### I. Audit Committee (cont'd)

##### Practice 8.2 and 8.3 - Oversight of External Auditors (cont'd)

In the course of their audit, the External Auditors highlighted to the Audit Committee matters pertaining to the financial reporting. Private meetings between them were held twice during the financial year without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the Audit Committee.

#### II. Risk Management and Internal Control Framework

##### Practice 9.1, 9.2 and 9.3 – Board Responsibility on Risk Management and Internal Control

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities. The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. The Statement on Risk Management and Internal Control made pursuant to Paragraph 15.26(b) of the MMLR of BMSB is separately set out in the Annual Report.

The Board recognizes risk management as an integral element of business and operations. Objective of the Group's ongoing risk assessment process is to ensure key risk areas are managed within an acceptable risk profile or tolerance level in order to increase the prospects on achievement of business objectives. The Group's overall risk appetite is based on assessment of the Group's existing risk management capabilities and capacity.

The Board acknowledges its overall responsibility to maintain effective governance, risk management and compliance framework. Supported by the Management and internal audit function, the Board ensures the adequacy and effectiveness of the Group's risk management and internal control practices. The Board is responsible to ensure that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Group. The Audit Committee assists the Board to oversee and review the effectiveness of the Group's risk management and internal control systems. To facilitate effective monitoring, the Board regularly receives reports from the Management on any business risks related to its business activities that have impacted or likely to impact the Company from achieving of its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Group's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

##### Practice 10.1 and 10.2 – Internal Audit function

The Board has established an Internal Audit function within the Company which is led by the Senior Manager, Internal Audit Unit who reports directly to the Audit Committee. Details of the key elements of the Group's internal controls system are set out separately in the Statement on Risk Management and Internal Control and the Report of the Audit Committee in this Annual Report.

In general, the Internal Auditor provides an independent evaluation on the effectiveness of the risk management and internal control system of the Group based on an agreed scope of work. It also carries out a follow-up review on the issue raised in the previous internal audit and to ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

The scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit Committee Report of this Annual Report.

**Corporate Governance Overview Statement (Cont'd)****PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****I. Communication with Stakeholders****Practice 11.1 – Communication with Stakeholders**

The Company is committed to ensure that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

The Board is ultimately responsible for ensuring the Company's disclosure requirements are fulfilled and overseeing the implementation of the Group's communications policy. The Company has in place an Investor Relations Policy which provides guidance to the Management and employees on the Company's disclosure requirements, handling of material information, and in dealing with investors, analysts, media and the investing public. The Company strives to promote a better understanding of the Group through investor relation activities. Apart from general meetings, the Company has in place the following initiatives to facilitate effective communication with its shareholders:

- (a) The Annual Report, which contains information such as Management Discussion and Analysis, financial statements, and information on the Audit Committee, Corporate Governance, Sustainability and Corporate Social Responsibility, and Risk Management and Internal Control;
- (b) Various announcements made to Bursa Securities, which include timely release of financial results on a quarterly basis. Concurrent with these releases, the Company posts all announcements on its website
- (c) Attending to shareholders' and investors' emails and phone enquiries; and
- (d) The Company's website under Investor Relations section, contains annual reports, quarterly report announcements, stock and other corporate information on Avillion Berhad. The website also provides Investor Relations contact for shareholders to direct their queries or concerns to.

Timely release of quarterly announcements and full year financial reports reflects the Board's accountability to its shareholders.

**II. Conduct of General Meetings****Practice 12.1 – Notice of General Meeting**

General Meetings are the important platform for the shareholders to exercise their rights in the Company, either in AGM or Extraordinary General Meetings.

The Notice of General Meetings together with a copy of the Company's Annual Report and/or Circular to Shareholders will be dispatched to shareholders within the prescribed notice period prior to the scheduled general meetings in order to provide sufficient time the shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative or by proxy. The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations and more importantly, it provides an avenue for the shareholders to make enquires on the resolutions being proposed and to seek clarification on the business and performance of the Group. Shareholders are invited to the general meetings through a notice of meeting that specify the venue, day and hour of the meeting, as well as the business of the meeting.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

#### II. Conduct of General Meetings (cont'd)

##### **Practice 12.2 – Attendance of directors at general meetings**

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

During the AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairmen of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

##### **Practice 12.3 – Voting**

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

### ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

- Utilisation of proceeds raised from Corporate Proposals  
There were no proceeds raised from Corporate Proposals during the financial year.
- Audit Fees  
Audit fees paid/payable to external auditors by the Company and by the Group for the financial year ended 31 March 2018 amounted to RM15,000 and RM268,000 respectively.
- Material Contracts with Related Parties  
There were no material contracts entered into by the Company and its subsidiaries involving directors', chief executive who is not a director and major shareholders' interests, either subsisting at the end of the financial year or entered into since the previous financial year.

### STATEMENT OF COMPLIANCE WITH THE CODE

The Board is satisfied that the Group has substantially complied with the majority of the practices of the MCGC throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

The Board is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Group at the end of the financial year. In preparing the financial statements, the Board ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

# AUDIT COMMITTEE REPORT

## 1.0 Composition

Chairman : Onn Kien Hoe  
Independent Non-Executive Director

Members : Tan Sri Dato' Sri Dr. Samsudin Bin Hitam  
Chairman / Independent Non-Executive Director

Dato' Faisal Zelman Bin Datuk Abdul Malik  
Non Independent Non-Executive Director

## 2.0 Terms of Reference

### 2.1 Authority

The Audit Committee is authorised by the Board to:-

- 2.1.1 ensure the internal audit function is appropriately and adequately resourced in discharging its duties and responsibilities.
- 2.1.2 have full, unrestricted and timely access to relevant information and documents relating to the Group.
- 2.1.3 maintain direct communication channels with the external and internal auditors.
- 2.1.4 convene meetings with the external and / or internal auditors, excluding the attendance of the executive members of the Committee, as and when required.
- 2.1.5 obtain independent or external legal or professional advice and secure attendance, if it considers necessary, in discharging its duties and responsibilities
- 2.1.6 have explicit authority to investigate any matters arising within its Terms of Reference.

### 2.2 Frequency of Meetings

The Audit Committee shall meet not less than four times a year, with additional meetings convened as and when required, with the presence of the Committee members. The presence of the external auditors will be requested, if required.

### 2.3 Duties and Responsibilities

The duties and responsibilities of the Audit Committee are to :-

- 2.3.1 Review with the Management and external auditors, the annual report, financial statements of the Company and consolidated financial statements of the Group before approval by the Board.
- 2.3.2 Review adequacy of the functions, resources and scope of the internal audit function to ensure it has the appropriate authority and the support of the Management and staff to function independently and effectively.
- 2.3.3 Assess adequacy of the operational, financial and internal controls with the external and internal auditors.
- 2.3.4 Review the annual Internal Audit Plan with the external and internal auditors.
- 2.3.5 Review the audit programme and audit reports to ensure appropriate and timely corrective actions have been taken to address the audit recommendations.
- 2.3.6 Review any related party transactions that may arise within the Company or the Group.
- 2.3.7 Review and recommend the appointment of the external auditors and any questions of resignation or dismissal.
- 2.3.8 Assess suitability, independence and objectivity of the external auditors.
- 2.3.9 Act on other matters as the Committee considers appropriate or as authorised by the Board of Directors.

## Audit Committee Report (Cont'd)

### 3.0 Summary of Activities of the Audit Committee

The Audit Committee held five (5) meetings during the financial year ended 31 March 2018. The attendance of each member of the Committee is as follows :-

Director	Attendance
Onn Kien Hoe	5/5
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	5/5
Dato' Faisal Zelman Bin Datuk Abdul Malik	5/5

The main activities undertaken by the Audit Committee for the financial year ended 31 March 2018 included the following :-

- Reviewed the Group's Annual Business Plans and strategies for the Board's approval.
- Reviewed the External Auditors' audit planning memorandum (including audit approach and scope), audit report and key matters arising.
- Assessed the performance, independence and suitability of the External Auditors for its re-appointment as Auditors of the Group and recommended to the Board of Directors on their reappointment and audit fees. The External Auditors provided written confirmation on their independence and measures adopted to control the quality of work performed.
- Discussed the implications of any developments, changes and pronouncements issued by the statutory and regulatory bodies on the Group.
- Reviewed and noted amendments to accounting standards and other regulatory requirements tabled by the External Auditors, which were relevant to the Group's operations, notably, Malaysian Financial Reporting Standards (MFRS) 9 (Financial Instruments), MFRS 15 (Revenue from Contracts with Customers) and MFRS 16 (Leases).
- Reviewed the quarterly and year end financial statements with the Management and External Auditors for recommending to the Board of Directors for approval before announcement to Bursa Securities Berhad. Accounting principles and standards applied and judgements were discussed.
- Reviewed the risk based annual Audit Plan to ensure adequate scope and coverage of the Group's activities.
- Reviewed and deliberated on the internal audit and follow up audit reports tabled during the year, root cause(s) of issues and the Management's responses on the audit recommendations.
- Reviewed adequacy and timeliness of the Management's mitigating actions taken to ensure all key risks and audit recommendations had been promptly addressed.
- Reviewed and recommended the Annual Report 2017 for the Board's approval.

### 4.0 Summary of Activities of the Internal Audit Function

The annual Audit Plan is formulated and approved in alignment with the Group's business and risk environment. Based on the approved Audit Plan, the Group's Internal Audit Department ("the Department") reports its audit engagements carried out and outcome of the reviews to the Audit Committee. At the Audit Committee meetings, the Department independently reports key internal control matters, potential risks and non compliances with the Group's Policies and Procedures, audit recommendations and the Management's remedial actions. Audit recommendations take into account, the Group's strategic directions, corporate and business objectives and key risks within the diversified and challenging business environment it operates in.

The main activities undertaken by the Internal Audit Department for the financial year ended 31 March 2018 included the following :-

- Prepared the risk based annual Audit Plan for approval by the Audit Committee.
- Perform risk based audits on business and support units of the Group which encompassed review of key business processes, internal control system and risk management.
- Evaluated the adequacy and effectiveness of the Group's internal control and risk management system in identifying, evaluating, managing and monitoring key potential risks.
- Issued audit reports to the Audit Committee and Management and highlighted key issues and recommendations which were subsequently followed up to ensure corrective actions taken were adequate and timely.
- Followed up on ad hoc requests or recommendations pertaining to audit plan, scope and report made by both the Audit Committee and Management.

In maintaining its independence and objectivity, the Internal Audit function has no operational responsibility and authority over the business and support divisions it audits..

The total cost of internal audit for the financial year under review was approximately RM 360,000.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 1.0 Introduction

Pursuant to Paragraph 15.26 (b) of Bursa Malaysia Main Market Listing Requirements and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors ('Board') is pleased to provide the following Statement on Risk Management and Internal Control,

## 2.0 Board's Roles and Responsibilities

The Board affirms its responsibility and commitment to maintain a sound risk management and internal control system towards attaining good corporate governance. It involves a periodic appraisal of the system for adequacy, integrity and effectiveness to safeguard shareholders' investments, the Group's assets and other stakeholders' interests.

The Group's risk management and internal control system for its diversified and dynamic business environment is designed to manage rather than eliminate risks which it is exposed to, in the pursuance of its business objectives. Accordingly, it can be expected to provide only reasonable but not absolute assurance against material misstatement, financial losses or fraud. The concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits. For the purpose of this review, the scope of responsibility does not include that of the Group's associate companies as the Board does not have direct control over their operations.

## 3.0 Risk Management

The Board considers risk management as a critical component of internal control in the Group's business and operations. Objective of the Group's ongoing risk assessment process is to ensure key risk areas are managed within an acceptable risk tolerance level in order to increase the prospects on achievement of business objectives. The Group's overall risk appetite is based on assessment of the Group's existing risk management capabilities and capacity. Risk management is embraced as a collective responsibility and integrated into the Group's business processes holistically as follows :-

### 3.1 Risk Identification, Monitoring & Reporting

The Group is supported by an appropriate organisation structure which sets out respective roles and responsibilities, levels of authority and lines of accountability to ensure independent and effective stewardship. The Board retains the overall risk management responsibility by performing risk oversight and delegates daily decisions to the Management team. The Management team from Corporate and respective business and support divisions are entrusted as risk owners within their scope of responsibilities and sphere of potential risks.

Risk management encompasses two broad lines of defence. The Heads of business and support divisions jointly with their employees constitute the first line of defence against risks. They are responsible and accountable for identifying, evaluating and reporting significant risks within their scope of responsibilities to the Management at Corporate level before they are reported to the Board. On a strategic perspective, the Heads of business and support divisions in consultation with the Management at Corporate level are responsible for managing, monitoring and mitigating key risks relating to strategy, operational, financial and external business environment. As identified risks can only be mitigated and not eliminated, monitoring and reporting activities are performed periodically to ensure instituted controls are appropriate, sufficient and effectively applied within the Group timely to reduce ultimate risk exposure.

The Board which is supported by the External Audit and Internal Audit functions, serving as the second line of defence, provides an independent and objective assessment on the adequacy and effectiveness of risk management and internal controls periodically. The Board of Directors meet regularly with the Management to discuss the Group's performance and internal controls at least once every quarterly in a year. Any key risks or issues highlighted which impact the Group are discussed and deliberated for resolution.

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

### **3.2 Risk Evaluation**

The Management identifies and evaluates key potential risks at operational and financial levels based on their existing internal control systems before improving and monitoring these controls to mitigate and control the identified risks. At each business and support division, risks are assessed by level of materiality and probability of occurrence before they are further evaluated on a Group perspective. The primary objective is to ensure a balanced achievement of the Group's corporate and business objectives, operational efficiency and cost effectiveness can be attained.

## **4.0 Internal Control System**

The key aspects of the Group's internal control system are :-

### **4.1 Control Environment**

- 4.1.1 The Group has a clearly defined vision and mission statement and shared corporate values which are continuously communicated 'top down' to all employees in order to reinforce core values of integrity, commitment, timeliness and cost effectiveness.
- 4.1.2 Board committees including Audit Committee, Nominating & Remuneration Committee are established by the Board of Directors. They are governed by their respective terms of reference and authority for areas within their scope of responsibilities.
- 4.1.3 The Group's organisation structure is aligned with its business and operational requirements with defined levels of authority and lines of reporting, responsibility and accountability.

### **4.2 Control Activities**

- 4.2.1 The Group's operating system include processes on appraisal, approval of capital / investment expenditure, asset disposal, monitoring and evaluation of the performance of investments. The system is periodically reviewed, updated and improved in order to respond more timely and effectively to emerging or changing risks, changes in organisation structure and business and support divisions' requirements.
- 4.2.2 Business and support divisions prepare annual business plans, financial and operating budgets which are approved by the Board. Actual performances are reviewed against budgets to ensure that for significant variances against budget noted, corrective actions, if required, are taken promptly to mitigate and control risks.
- 4.2.3 The Group recognises its human capital in contributing towards its growth. Guidelines on staff recruitment, key performance indicators, performance appraisal, promotion and training requirements are incorporated in an established performance appraisal and management system to inculcate and sustain a competent work culture.

### **4.3 Information and Communication Processes**

- 4.3.1 The Management and Board receive timely and relevant management and financial reports which are reviewed periodically for improvements from time to time .
- 4.3.2 The Group has in place, a Management Information System which captures and reports relevant information and data to enable the Management to make business decisions promptly.
- 4.3.3 Management & Board meetings are held periodically to provide appropriate communication and feedback channels in a transparent and confidential manner.

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

### 4.4 Monitoring Mechanism

- 4.4.1 The Board is responsible for setting the business direction and overseeing the overall conduct of the Group's businesses and operations via its management committees and management reporting mechanism. Board meetings are held once every quarterly in a year. The CEO communicates the Board's expectations and concerns to the Management for further actions. In addition, the directors and senior management conduct regular management and operation meetings. In these meetings, business strategies, operational, financial, external business environment matters and inherent risks are discussed and deliberated with action plans. Based on these mechanisms, the Board is regularly updated on matters relating to risk management, internal controls and regulatory compliance.
- 4.4.2 Augmenting the risk management process is the Group's Internal Audit function which reports to the Audit Committee and is guided by its approved terms of reference. The Internal Audit function provides the Board with an independent and balanced assurance on the adequacy and effectiveness of the risk management and internal control system by performing regular audits and follow up audits based on the risk based annual Audit Plan approved by the Audit Committee. Significant audit matters and recommendations for improvements are reported to the Management and Audit Committee with periodic follow up status on remedial actions taken.
- 4.4.3 The Group's policies and procedures are reviewed and revised periodically to meet changing business, operational and regulatory requirements.

### 5.0 Review for the Financial Year

The Board of Directors acknowledges that the Group continues to operate in an increasingly challenging and dynamic business environment in which the risk management and internal control system must be responsive, timely and effective towards achieving sustainable and profitable growth.

For the financial year under review, appraisals on the adequacy and effectiveness of the risk management and internal control system had been undertaken. Arising from reviews performed, internal controls requiring improvements had been identified and prompt and appropriate rectification measures had been taken to address them. However, this system can only mitigate, rather than eliminate the possibility of human error, deliberate circumvention of control procedures by employees and other parties or occurrence of unforeseeable circumstances.

### 6.0 Review of The Statement by External Auditors

As required by Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external auditors had reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2018. Their review was performed in accordance with Audit and Assurance Practice Guide 3 (February 2018), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants.

Based on their review, the external auditors had reported to the Board that nothing had come to their attention that caused them to believe that the Statement was inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy, integrity and effectiveness of the Group's risk management and internal control system.

### 7.0 Conclusion

Based on the Board's review and reasonable assurances received from the CEO and CFO, the Board is of the view that for the financial year under review, the Group's risk management and internal control system is adequate, in all material aspects, to meet its business objectives and ensure good corporate governance. No adverse control issues which would materially impact the results of the Group were noted. To this end, the Board believes that the development of a sound risk management and internal control system is an ongoing review process and will continue to take proactive measures to improve the system.

This Statement was approved by the Board of Directors on 13 July 2018.

# SUSTAINABILITY STATEMENT

Sustainability is an integral part of our business – Avillion Berhad believes creating value for our employees, giving back to the community and preserving the environment is key to our long-term business success. The key sustainability pillars driving the Group are Our People, Our Community and Our Environment.

## OUR PEOPLE

The Group believes that employees are a company's greatest asset. The Group respects gender diversity and is mindful of the need to constantly upskill our workforce and provide equal opportunities for career enhancement in the Group regardless of gender, race, religion, age, marital status or any other characteristics.

## TRAINING & DEVELOPMENT

The Group provides orientation programmes for new hotel employees. Orientation is conducted every fortnight at the hotel level. A full day refresher programme is also conducted for employees who have been employed for more than 3 years to refresh on product knowledge and latest progress in the Group and hotel management. Avillion uses its own time and tested E.A.S.T manual to conduct these orientation and training programmes to ensure that all employees are familiar and maintain the standards of Avillion E.A.S.T.

### EAST – EMPLOYEE of AVILLION SKILLS TRAINING

The EAST Manuals cover Front Office, Engineering, Events & Recreation, F&B Service, F&B Kitchen, F&B Steward, Housekeeping, Security & AVI Spa. EAST is conducted in classroom, on-the-job training and also via experiential learning.

### SOFT SKILLS (Emotional Intelligence Quotient)

The Group also provides soft skills training for our employees like Leadership Skills, Supervisory Skills, Language Skills, Interpersonal Skills and Change Management.

## OCCUPATIONAL HEALTH & SAFETY

The Group places a lot of importance in the safety and health of our people. Hotel employees have to undergo BOMBA training, Emergency Response Team training and also First Aid / CPR training. Periodical fire drills are done at all our premises.

## OUR COMMUNITY

The Group has a long-standing relationship with the local communities where we do our business. Our hotels have always cared for and celebrated the local communities, especially the needy and to contribute in any way we can.

Below are community programmes executed by Avillion Hotels throughout the financial year.

### AVILLION PORT DICKSON

#### 20 June 2017

Hosted a Majlis Berbuka Puasa for 60 children from Yayasan Anak Yatim Port Dickson at the Author's Recluse. The children were also given duit raya and goodie bags.

#### 11 October 2017

The annual Blood Donation Drive was held in collaboration with Hospital Port Dickson with about 100 donors from the Army donating their blood along with hotel employees.

#### 11 December 2017

A Christmas Party complete with live band, Santa appearance and games was held for 41 orphans from Persatuan Kebajikan Kanak-Kanak Nanthisar. Other than the festive food, the hotel also distributed household supplies like rice, cooking oil, Milo and mee-hoon.

**Sustainability Statement (Cont'd)****AVILLION ADMIRAL COVE****20 June 2017**

Hosted a Majlis Berbuka Puasa for 24 children from Rumah Anak-Anak Yatim Miskin (PEYAKIN) Negeri Sembilan at the Traders' Food Shop. The children were given Hari Raya goodies as well as souvenirs and they were given a brief tour around the Marina Club.

**11 November 2017 - 17 December 2017**

Charity Car Wash – Heads of Departments and hotel employees were involved in this programme by washing the cars sent by guests.

**13 December 2017**

Organised a Christmas Party with Santa for 16 orphans and 13 disabled persons at Pusat Jagaan Orang Kurang Upaya Si Putih Seremban. The hotel also donated household supplies such as detergents, adult diapers and powdered milk.

**AVILLION LEGACY MELAKA****8 June 2018**

Hosted a Majlis Berbuka Puasa for 50 children from Pertubuhan Kebajikan Anak-Anak Harapan, Melaka. The children were also given duit raya and goodie bags.

**18 October 2017**

Blood Donation Campaign was held in the Hotel with 70 Donors consisting hotel employees, members of the Army, college students and in-house guests.

**1 November 2017 – 31 December 2017**

The hotel sold t-shirts for the Charity Drive Fund and managed to donate RM5,500 per home from the proceeds of the t-shirts sold to:

- i) Rumah Anak Yatim Darul Aitam
- ii) Warm Homes Centre
- iii) Salvatorian Homes

**16th December 2017**

Hosted "Time For Giving Time For Sharing" Christmas party at the hotel lobby for 50 children from Rumah Kasih Sayang at the hotel lobby. The children were all given Christmas gifts and enjoyed fun activities.

**5th February 2018**

Visited Warm Homes Care Centre at Taman Rumpun Bahagia, Melaka for Chinese New Year and distributed hampers, goodie bags and angpows to 50 senior citizens.

**AVILLION COASTAL RIDE 2017**

Last year saw the inaugural Avillion Coastal Ride (ACR '17), a cycling event targeted at cycling enthusiasts not only in Malaysia but also throughout the region. ACR '17 saw a participation of 1,600 cyclists and was very well received, and the Group hopes to make it an annual event in Port Dickson. This is a part of our effort to encourage healthy lifestyle within our community.

**OUR ENVIRONMENT****PRESERVING FOR TOMORROW**

We believe in preserving the environment for future generations. One of the most important elements in sustainability. We are mindful of the impact our way of doing business may have on the environment. Hence we are committed to consistently undertake sustainable and environmentally friendly initiatives to help preserve the current status of beaches, the sea and corals, hillsides and natural surroundings where our hotels are located.

We have started small but we aspire to do it well.

## Sustainability Statement (Cont'd)

### **GREEN PRACTICES**

At all Avillion hotels, we have put in place green practices that we hope will make our customers feel good about where they have chosen to stay for their holidays. We are constantly working on enhancing and introducing more green practices. Here are what we have done so far.

#### TOILETRIES

All of our soaps, shampoos and conditioners are made from 100% natural ingredients derived from plant extracts. They are paraben-free and biodegradable. This gives our hotel guests a natural bathing experience and help reduce the amount of water pollutants in sewerage systems.

#### ENERGY SAVING LIGHT BULBS

We have embarked on a programme to change the light bulbs used in hotel rooms from regular light bulbs to energy saving light bulbs. Lower energy consumption equates to reduced production and less energy and resources wasted in the day-to-day running of our hotels.

#### AUTOMATIC SUPPLY ENERGY CUT-OFF

We have ensured all recently renovated hotels installed an automatic energy supply cut off system that is activated or deactivated with the hotel rooms' key cards. This has negligible impact on guests' stay and saves tremendous amount of energy supply when the rooms are not occupied.

#### WATER CLOSET FLUSH SYSTEM

In our effort to conserve water, we have introduced a half flush water closet system into our hotels. On average, a half flush utilizes 3 litres of water and a full flush 6 litres. Assume a hotel of 100 rooms with guests that saves one half flush (or 3 litres) of water per day, that equals to 300 litres a day, 2,100 litres a week and 109,200 litres a year. For easy visualization, 109,200 litres in terms of volume is stored in 72,800 bottles of 1.5L mineral water bottles.

### PLASTIC VERSUS PAPER

We have made conscious effort in reducing the quantity of plastic used in our hotels. We have switched to using paper wherever possible. All of our employees are encouraged to reduce paper usage and use recycled paper where possible. Spring-cleaning events are organised by the Group at which unwanted papers, brochures, packing materials, empty printer cartridges and other recyclable items are sent for recycling.

### **POLLUTION PREVENTION**

To prevent pollution in the marina basin, strict rules and regulations are imposed on all boaters berthed at the marina basin. The pumping of oil, diesel, fuel waste and waste tanks are strictly prohibited within the marina basin. Works such as deck sanding, spray painting and other polluting works are only allowed at the repair yard pontoon.

### **EARTH HOUR**

On 24 March 2018, Avillion Admiral Cove and Avillion Legacy Melaka have switched off all the hotels' non-essential lights for one hour to commemorate Earth Hour. Hotel guests were encouraged to participate and show their support for initiatives taken to help solve global warming problems.

## ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

- **Utilisation of proceeds raised from Corporate Proposals**

There were no proceeds raised from Corporate Proposals during the financial year ended 31 March 2018.

- **Imposition of Sanctions/Penalties**

There were no material sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 31 March 2018.

- **Audit Fees**

Audit and non-audit fees paid/payable to external auditors by the Company and by the Group for the financial year ended 31 March 2018 were RM15,000 and RM268,000 respectively.

- **Material Contracts with Related Parties**

There were no material contracts entered into by the Company and its subsidiaries involving directors', chief executive who is not a director and major shareholders' interests, either subsisting at the end of the financial year or entered into since the previous financial year.

# FINANCIAL STATEMENTS

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# REPORT OF THE DIRECTORS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 March 2018.

### **PRINCIPAL ACTIVITIES**

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 10 to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

### **RESULTS**

	GROUP RM'000	COMPANY RM'000
Net loss for the year attributable to:		
Equity holders of the parent	(10,841)	(4,050)
Non-controlling interests	(308)	-
	<hr/>	<hr/>
	(11,149)	(4,050)
	<hr/>	<hr/>

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

### **DIVIDENDS**

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

The directors also do not recommend any final dividend in respect of the current financial year.

### **RESERVES AND PROVISIONS**

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

### **DIRECTORS**

The directors who held office since the date of the last report are:

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam  
 Onn Kien Hoe  
 Yulina Binti Baharuddin  
 Dato' Faisal Zelman Bin Datuk Abdul Malik  
 See Ah Sing (Retired w.e.f 25.09.2017)

The name of directors of subsidiary companies where the shares are held by the Company are listed below (excluding directors who are also directors of the Company) are:

Amirul Azhar bin Baharom  
 Dato' Ir. Dr. Shaik Hussein bin Mydin

**Report of the Directors (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**DIRECTORS' BENEFITS**

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits disclosed in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

**DIRECTORS' INTERESTS**

None of the directors held any interest in shares in the Company or in related companies.

**DIRECTORS' REMUNERATION**

None of the directors or past directors have received any remunerations from the Company and its subsidiary companies during the year other than disclosed in Note 24 to the financial statements.

None of the directors or past directors of the Company and its subsidiary companies have received any other benefits otherwise than in cash from the Company and its subsidiary companies during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company and its subsidiary companies by the directors or past directors of the Company and its subsidiary companies during the year.

**INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS**

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the directors, officers or auditors of the Company and its subsidiary companies.

**CHANGE OF COMPANY'S NAME**

The Company had on 05 September 2017 changed its name from Reliance Pacific Berhad to Avillion Berhad.

**OTHER STATUTORY INFORMATION**

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

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

**Report of the Directors (Cont'd)  
For the Financial Year Ended 31 March 2018**

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

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

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

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than those disclosed in Note 29 to the financial statements.

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

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

#### **AUDITORS' REMUNERATION**

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors is disclosed in Note 24 to the financial statements.

#### **SUBSIDIARY COMPANIES**

The detail of the subsidiary companies is disclosed in Note 10 to the financial statements.

**Report of the Directors (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

.....  
**Tan Sri Dato' Sri Dr. Samsudin Bin Hitam**  
Director

.....  
**Yulina Binti Baharuddin**  
Director

Kuala Lumpur,

Date: 13 July 2018

## STATEMENT BY THE DIRECTORS

### PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT, 2016

The directors of **Avillion Berhad (Formerly known as Reliance Pacific Berhad)** state that, in their opinion, the financial statements set out in pages 44 to 108 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2018 and financial performance of the Group and the Company for the financial year ended on that date.

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

.....  
**Tan Sri Dato' Sri Dr. Samsudin Bin Hitam**  
 Director

.....  
**Yulina Binti Baharuddin**  
 Director

Kuala Lumpur,

Date: 13 July 2018

## STATUTORY DECLARATION

### PURSUANT TO SECTION 251 (1) (b) OF THE COMPANIES ACT, 2016

I, **Chong Set Fui [MIA No: 10921]**, the officer primarily responsible for the financial management of **Avillion Berhad (Formerly known as Reliance Pacific Berhad)**, do solemnly and sincerely declare that the financial statements set out in pages 44 to 108 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )

By **Chong Set Fui** )

At Wilayah Persekutuan Kuala Lumpur )

On 13 July 2018 )

Before me,

.....  
**Commissioner for Oaths**

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF AVILLION BERHAD

*(Formerly known as Reliance Pacific Berhad)*

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Avillion Berhad (Formerly known as Reliance Pacific Berhad), which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the 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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion of these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
<p><b>Impairment review of goodwill arising on consolidation (Note 8 to the financial statements)</b></p> <p>The Group has goodwill of RM20.780 million (2017: RM21.266 million).</p> <p>The goodwill contained a cash generating unit ('CGU') of which the recoverable amount, required a judgement on the part of management in identifying and then valuing the relevant CGU.</p> <p>The recoverable amount is based on assumptions including net profit margin, growth rate and discount rate.</p> <p>We focused on this area because of the inherent judgement involved in the determining the said key assumptions.</p>	<p>The audit procedures performed were:</p> <ul style="list-style-type: none"> <li>• Making enquiries of and challenging the management on the key assumptions made, including: <ul style="list-style-type: none"> <li>• The achievement of the business plan;</li> <li>• Sales growth, net profit margin and discount rate;</li> </ul> </li> <li>• Assessed the adequacy of disclosure of goodwill in the financial statements</li> </ul> <p>Based on the work performed, there was no material exception to report.</p>

**Independent Auditors' Report  
to the Members of Avillion Berhad (Formerly known as Reliance Pacific Berhad) (Cont'd)**

**Key Audit Matters (cont'd)**

<b>Key audit matters</b>	<b>How our audit addressed the key audit matters</b>
<p><b>Assessment of the recoverability of trade and other receivables (Note 15 to the financial statements)</b></p> <p>As at 31 March 2018, the Group has trade and other receivables of RM26.744 million (2017: RM31.016 million) and less allowance for doubtful debts of RM0.287 million (2017: RM0.275 million).</p> <p>The Group's activities continue to be challenged by certain economic factor and requiring the Group to carefully assess the collectability of its receivables. This requires management to exercise judgement in assessing the aged profile, historical payment trends and other available information concerning the creditworthiness of counterparties to determine the recoverability of receivables. Management uses this information to form their judgement to determine whether there is impairment indicator.</p> <p>We determined this as area of focus as it requires a high level of management judgement and the materiality of the amounts.</p>	<p>The audit procedures performed in relation to where no allowance was recognised were:</p> <ul style="list-style-type: none"> <li>• Checked that payments had been received from customers after the year end;</li> <li>• Enquired with management on historical payment patterns and expected settlement dates; and</li> <li>• Assessed customers' ageing profile by checking the accuracy of aged buckets</li> </ul> <p>The audit procedures performed in relation where allowance was recognised were:</p> <ul style="list-style-type: none"> <li>• For selected specific customers, we tested their historical payment patterns and whether any post balance sheet payments had been received up to the date of completing our audit procedures; and</li> <li>• Where there were disputes, we read the correspondence, checked supporting documentation and evaluated management's recovery actions to ascertain the recoverability of the amounts under disputes and adequacy of the allowance made</li> </ul> <p>Based on the work performed, there was no material exception to report.</p>

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

**Independent Auditors' Report  
to the Members of Avillion Berhad (Formerly known as Reliance Pacific Berhad) (Cont'd)**

**Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause of the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

**Independent Auditors' Report  
to the Members of Avillion Berhad (Formerly known as Reliance Pacific Berhad) (Cont'd)**

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within of the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and others 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 statement of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors are disclosed in Note 10 to the financial statements.

**Other Matters**

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

**AljeffriDean**  
AF 1366  
Chartered Accountants

Kuala Lumpur,

Date: 13 July 2018

**Zuhairi Dzaiaruddin**  
No. 03145/06/2020 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2018

	NOTE	GROUP		COMPANY	
		2018 RM'000	2017 RM'000 <i>As restated</i>	2018 RM'000	2017 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	227,972	236,700	569	714
Land held for development	6	67,568	68,252	-	-
Investment properties	7	3,474	3,749	-	-
Goodwill arising on consolidation	8	20,780	21,266	-	-
Investment in associates	9	5	5	-	-
Subsidiary companies	10	-	-	37,216	37,216
Other investments	11	332	379	-	-
Deferred and development expenditure	12	54	13	-	-
Trade and other receivables	15	6,742	8,007	5,749	8,007
		326,927	338,371	43,534	45,937
<b>CURRENT ASSETS</b>					
Development properties	6	46,642	43,629	-	-
Inventories	14	16,508	17,827	-	-
Trade and other receivables	15	19,715	22,734	3,048	3,620
Amount due from subsidiary companies	16	-	-	259,586	270,893
Fixed and call deposits		7,154	12,808	-	-
Cash and bank balances		4,660	5,076	2,207	2,314
	35	94,679	102,074	264,841	276,827
Asset held for sale		-	14,517	-	-
		94,679	116,591	264,841	276,827
<b>TOTAL ASSETS</b>		<b>421,606</b>	<b>454,962</b>	<b>308,375</b>	<b>322,764</b>
<b>NON-CURRENT LIABILITIES</b>					
Term loans	17	62,236	61,768	62,236	61,486
Hire purchase payables	18	91	212	86	157
Deferred tax liabilities	13	4,570	6,255	16	16
		66,897	68,235	62,338	61,659

See accompanying notes to the financial statements.

**Statements of Financial Position (Cont'd)**  
**As at 31 March 2018**

	NOTE	GROUP		COMPANY	
		2018 RM'000	2017 RM'000 <i>As restated</i>	2018 RM'000	2017 RM'000
<b>CURRENT LIABILITIES</b>					
Trade and other payables	19	22,173	26,036	1,204	3,342
Amount due to subsidiary companies	16	-	-	45,864	49,478
Short term borrowings	20	48,640	62,220	31,481	36,747
Hire purchase payables	18	120	140	71	71
Provision for taxation		56	52	-	-
		70,989	88,448	78,620	89,638
<b>TOTAL LIABILITIES</b>		<b>137,886</b>	<b>156,683</b>	<b>140,958</b>	<b>151,297</b>
 <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>					
Share capital	21	200,551	200,551	200,551	200,551
Reserves	22	77,473	91,724	(33,134)	(29,084)
Equity attributable to equity holders of the parent		278,024	292,275	167,417	171,467
Non-controlling interests		5,696	6,004	-	-
<b>TOTAL EQUITY</b>		<b>283,720</b>	<b>298,279</b>	<b>167,417</b>	<b>171,467</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>421,606</b>	<b>454,962</b>	<b>308,375</b>	<b>322,764</b>

See accompanying notes to the financial statements.

# STATEMENTS OF PROFIT OR LOSS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	GROUP		COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	23	131,421	154,201	4,907	5,135
Cost of sales	23	(81,463)	(103,302)	-	-
<b>Gross profit</b>		<b>49,958</b>	<b>50,899</b>	<b>4,907</b>	<b>5,135</b>
Other operating income		1,830	1,398	1,449	56
Administrative expenses		(54,788) #	(66,322) *	(3,837)	(14,331)
<b>(Loss)/Profit from operations</b>	24	<b>(3,000)</b>	<b>(14,025)</b>	<b>2,519</b>	<b>(9,140)</b>
Finance costs	25	(7,670)	(8,900)	(5,967)	(5,933)
Share of results of associates		-	(16)	-	-
<b>Loss before taxation</b>		<b>(10,670)</b>	<b>(22,941)</b>	<b>(3,448)</b>	<b>(15,073)</b>
Taxation	26	(479)	(1,516)	(602)	-
<b>Net loss for the year</b>		<b>(11,149)</b>	<b>(24,457)</b>	<b>(4,050)</b>	<b>(15,073)</b>
<b>Net loss for the year attributable to:</b>					
Equity holders of the parent		(10,841)	(24,521)	(4,050)	(15,073)
Non-controlling interests		(308)	64	-	-
		<b>(11,149)</b>	<b>(24,457)</b>	<b>(4,050)</b>	<b>(15,073)</b>
<b>Basic losses per share (sen)</b>	27	<b>(1.26)</b>	<b>(2.86)</b>		

# Included in the Group's administrative expenses are impairment loss of goodwill amounting to RM0.486 million and bad debts written off amounting to RM0.485 million.

\* Included in the Group's administrative expenses are impairment loss of financial assets amounting to RM8.730 million and bad debts written off amounting to RM7.218 million.

See accompanying notes to the financial statements.

# STATEMENTS OF OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net loss for the year	(11,149)	(24,457)	(4,050)	(15,073)
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating of foreign operations	(3,363)	3,559	-	-
(Loss)/Gain on fair value changes of available-for-sale	(47)	43	-	-
	(3,410)	3,602	-	-
Total comprehensive loss for the year	(14,559)	(20,855)	(4,050)	(15,073)
<b>Total comprehensive loss for the year attributable to:</b>				
Equity holders of the parent	(14,251)	(20,919)	(4,050)	(15,073)
Non-controlling interests	(308)	64	-	-
	(14,559)	(20,855)	(4,050)	(15,073)

See accompanying notes to the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

GROUP	NOTE	Equity Attributable to Equity Holders of the Parent						Non-Controlling Interests			Total Equity RM'000
		Share Capital RM'000	Share Premium Reserve RM'000	Buy-Back Reserve RM'000	Share Reserve RM'000	For-Sale Reserve RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	
Balance as at 01.04.2016		171,710	19,911	8,930	(4,677)	(871)	108,634	9,557	313,194	5,940	319,134
Transfer to share capital	21	28,841	(19,911)	(8,930)	-	-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	43	3,559	-	(24,521)	(20,919)	64	(20,855)
Balance as at 31.03.2017		200,551	-	-	(4,634)	2,688	108,634	(14,964)	292,275	6,004	298,279
Total comprehensive loss for the year		-	-	-	(47)	(3,363)	-	(10,841)	(14,251)	(308)	(14,559)
Balance as at 31.03.2018		200,551	-	-	(4,681)	(675)	108,634	(25,805)	278,024	5,696	283,720
COMPANY											
GROUP	NOTE	Non-Distributable						Distributable			Total RM'000
		Share Capital RM'000	Share Premium Reserve RM'000	Buy-Back Reserve RM'000	Share Reserve RM'000	Buy-Back Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Total RM'000	Total RM'000	
Balance as at 01.04.2016	21	171,710	19,911	(19,911)	8,930	(8,930)	(14,011)	-	-	-	186,540
Transfer to share capital		28,841	-	-	-	-	(15,073)	-	-	-	(15,073)
Total comprehensive loss for the year		-	-	-	-	-	-	-	-	-	-
Balance as at 31.03.2017		200,551	-	-	-	-	(29,084)	171,467	171,467	(4,050)	(4,050)
Total comprehensive loss for the year		-	-	-	-	-	(4,050)	167,417	167,417	-	-
Balance as at 31.03.2018		200,551	-	-	-	-	(33,134)	167,417	167,417	-	-

See accompanying notes to the financial statements.

# STATEMENTS OF CASH FLOW

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

NOTE	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(10,670)	(22,941)	(3,448)	(15,073)
Adjustments for:				
Written off of deferred expenditure	43	-	-	-
Bad debts written off	485	7,218	-	-
Depreciation of property, plant and equipment	9,167	5,136	155	154
Depreciation of investment properties	284	40	-	-
Gain on disposal of property, plant and equipment	-	(41)	-	(56)
Property, plant and equipment written off	159	3	1	-
Share of results of associates	-	16	-	-
Interest expenses	7,670	8,900	5,967	5,933
Impairment loss of goodwill	486	-	-	-
Impairment loss of financial assets	-	8,730	-	8,241
Impairment loss of unquoted shares	-	60	-	-
Unrealised (gain)/loss on foreign exchange	-	-	(1,449)	2,132
Allowance for doubtful debts	12	11	-	-
Gain on disposal of land held for development	(1,122)	(201)	-	-
Gain on disposal of investment in associate	(376)	(861)	-	-
Interest income	(583)	(639)	(4,571)	(4,805)
Operating profit/(loss) before working capital changes	5,555	5,431	(3,345)	(3,474)
Decrease in inventories	1,301	1,647	-	-
Decrease in receivables	1,533	21,343	14,983	17,126
Decrease in payables	(2,127)	(3,821)	(2,800)	(9,208)
Increase in deferred expenditure	(86)	-	-	-
Increase in development properties	(3,013)	(3,422)	-	-
Cash generated from operations	3,163	21,178	8,838	4,444
Tax paid	(1,374)	(1,518)	-	(34)
Tax refund	278	2	-	-
Interest paid	(7,670)	(8,900)	(5,967)	(5,933)
Net cash (used in)/generated from operating activities	(5,603)	10,762	2,871	(1,523)

See accompanying notes to the financial statements.

**Statements of Cash Flow (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

NOTE	GROUP	2018		2017		COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>							
Proceeds from disposal of property, plant and equipment		-	88	1	65		
Proceed from disposal of investment in associate, net		14,893	10,254	-	-		
Purchase of property, plant and equipment		(1,150)	(715)	(11)	(18)		
Addition of investment properties		(9)	(10)	-	-		
Increase in land held for development		(1,785)	(1,707)	-	-		
Proceeds from disposal of land held for development, net		4,109	1,445	-	-		
Authorised depository		-	(8,230)	-	(8,230)		
Interest received		583	639	4,571	4,805		
Net cash generated from/(used in) investing activities		16,641	1,764	4,561	(3,378)		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>							
Drawdown of borrowings, net		12,000	239	12,000	-		
Repayment of borrowings		(14,875)	(12,181)	(14,000)	(6,000)		
(Repayment to)/Advance from certain director		(2,952)	3,129	(2,952)	3,129		
Repayment of hire purchase payables		(141)	(152)	(71)	(71)		
Net cash used in financing activities		(5,968)	(8,965)	(5,023)	(2,942)		
Net increase/(decrease) in cash and cash equivalents		5,070	3,561	2,409	(7,843)		
Cash and cash equivalents at beginning of the year		(15,961)	(19,201)	(10,433)	(2,590)		
Effects of exchange rate changes on cash and cash equivalents		(903)	(321)	-	-		
Cash and cash equivalents at end of the year	28	(11,794)	(15,961)	(8,024)	(10,433)		

See accompanying notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

### 1. GENERAL INFORMATION

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

The principal place of business and registered office are located at Unit 8E, Level 8, Wisma YPR, No.1, Lorong Kapar, Off Jalan Syed Putra, 58000 Kuala Lumpur.

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 10 to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

The functional currency of the Company is Ringgit Malaysia ('RM') as the sales and purchases are mainly denominated in RM, receipts from operations are usually retained in RM and funds from financing activities are mainly generated in RM.

For the purpose of the consolidated financial statements, the financial statements of each entity within the Group are expressed in RM, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

### 2. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS AND INTERPRETATION

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year except as discussed below:

#### **MFRSs that do not have significant impacts on these financial statements**

The new amendments and improvements to published standards that are effective for the Group's and the Company's financial year beginning on or after 01 January 2017 are as follows:

Amendments to MFRS 107 Statement of Cash Flows – Disclosure Initiative

Amendments to MFRS 112 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 12 Disclosure of Interest in Other Entities (Under Annual Improvements to MFRS Standards 2014 – 2016 Cycle)

The adoption of the amendments to MFRS 107 has required additional disclosure of changes in financial liabilities arising from financing activities. The additional disclosure is disclosed in Notes 37 to the financial statements. Other than that, the adoption of these amendments did not have any significant impact on the current or prior year and are not likely to affect future periods.

#### **MFRSs and Interpretations that are relevant which have been issued but are not yet effective**

The Group and the Company have not adopted the following Malaysian Financial Reporting Standards ("MFRSs") and Interpretations that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective:

#### **Effective for annual periods beginning on or after 01 January 2018**

Amendments to MFRS 1 (Annual Improvements to MFRS Standards 2014–2016 Cycle)

Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

Clarifications to MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 128 (Annual Improvements to MFRS Standards 2014–2016 Cycle)

Amendments to MFRS 140 Investment Property: Transfers of Investment Property

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**2. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS AND INTERPRETATION (CONT'D)**

**Effective for annual periods beginning on or after 01 January 2019**

MFRS 16 Leases

Amendments to MFRS 3 (Annual Improvements to MFRS Standards 2015–2017 Cycle)

Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Amendments to MFRS 11 (Annual Improvements to MFRS Standards 2015–2017 Cycle)

Amendments to MFRS 112 (Annual Improvements to MFRS Standards 2015–2017 Cycle)

Amendments to MFRS 119 (Plan Amendment, Curtailment or Settlement)

Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015–2017 Cycle)

Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

IC Interpretation 23 Uncertainty over Income Tax Treatments

**Effective for annual periods beginning on or after 01 January 2020**

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources

Amendments to MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to MFRS 134 Interim Financial Reporting

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

Amendments to MFRS 138 Intangible Assets

Amendments to IC Interpretation 12 Service Concession Arrangements

Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs

**Effective for annual periods beginning on or after 01 January 2021**

MFRS 17 Insurance Contracts

These pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial application, except as described below:

**MFRS 9 Financial Instruments**

In November 2015, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 01 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

**MFRS 15 Revenue from Contracts with Customers**

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after 01 January 2017 with early adoption permitted. MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**2. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS AND INTERPRETATION (CONT'D)**

**MFRS 16 Leases**

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminated the distinction between finance and operating leases or lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statements of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported in the statements of financial position are expected to increase substantially.

**Amendments to MFRS 140 Classification on Change in Use**

Amendments to MFRS 140 clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meets, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property. The amendments also clarify the same principle applies to assets under construction. The Group will apply this amendment on or after 1 January 2018.

**IC Interpretation 22 Foreign Currency Transactions and Advance Consideration**

IC Interpretation 22 applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions. IC Interpretation 22 provides guidance on how to determine 'the date of transaction' when a single payment/receipt is made, as well as in situations where multiple payments/receipts are made. The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt. The Group will apply IC Interpretation 22 prospectively.

**IC Interpretation 23 Uncertainty over Income Tax Treatments**

IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty. IC Interpretation 23 will be applied retrospectively.

The Group are currently assessing the impact of adopting the abovementioned MFRSs and Interpretations and plan to adopt the said standards on the required date.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the MFRSs and International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia.

**(a) Basis of Preparation**

The financial statements have been prepared on the historical cost basis unless otherwise indicated in the other section of accounting policies.

The principal accounting policies adopted are set out below.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(b) Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries. Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is accounted for in the Company's separate financial statements at cost. If an investment in a subsidiary is classified as held for sale, that investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The results of a subsidiary are included in the consolidated financial statements from the acquisition date until the date on which the Company ceases to control the subsidiary. Any difference between the fair value of the consideration received from the loss of control of a subsidiary and the carrying amount as at the date when control is lost, including the cumulative amount of any translation difference that relate to the subsidiary formerly recognised in other comprehensive income, is reclassified to consolidated profit or loss as a gain or loss. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to owners of the Company. Non-controlling interests in the profit or loss of the Group are also separately disclosed.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the owners of the Company.

All intragroup balances, transactions, income and expenses are eliminated in full.

**(c) Business Combinations**

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

At the acquisition date, the Group allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria in MFRS 3 Business Combinations at their fair values, except for non-current assets and disposal groups that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

**(d) Investment Properties**

Investment properties are property which are held either to earn rental income or for capital appreciation or both. The Group measured its investment at cost less accumulated depreciation and any impairment losses. Freehold land is not depreciated as it has an infinite live. Other properties are depreciated over lease term.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(d) Investment Properties (Cont'd)**

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment properties, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

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

**(e) Property, Plant and Equipment**

The cost of an item of property, plant and equipment is recognised as an asset when 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. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses except for buildings. The related maintenance expenditure is charged to the profit or loss.

After recognition of an asset, buildings are revalued at least once in every five years based on a valuation by an independent valuer. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is recognised in the profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance thereafter recognised as an expense.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is computed on a straight line method at rates calculated to write off the cost of assets over their estimated useful lives.

	Percentage (%)
Long term leasehold land	99 years
Buildings	2
Motor vehicles	10-20
Furniture and fittings	10
Office equipment	10
Data processing equipment	20
Electrical installation	10
Motor vehicles workshop	10
Renovations	10
Boats	15
Computer integrated systems	10

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

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is included in profit or loss. Neither the sale proceeds nor any gain on derecognition is classified as revenue.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(f) Goodwill**

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer'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. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Goodwill arising on the acquisition of investments in associates is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss as a gain from a bargain purchase.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal and charged or credited in profit or loss.

**(g) Investment in Associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in associates is accounted for in the Company's separate financial statements at cost. If an associate is classified as held for sale, the investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Investment in associates are accounted for in the Group's consolidated financial statements using the equity method until the date the Group ceases to have significant influence over the associates or the investment is classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, investment in associates are initially recognised at cost and thereafter, the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investees after the date of acquisition. Losses of associates in excess of the Group's interest in the associates, include any long-term interests that form part of the Group's net investment in the associates, are not recognised.

Profits or losses on transactions entered into between the Group and associates are eliminated to the extent of the Group's interest in the associates.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(g) Investment in Associates (Cont'd)**

On acquisition of an investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment. If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investment is acquired.

**(h) Land Held for Development and Development Properties**

**Land Held for Development**

Land held for development representing lands held for future development are stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use. Such assets are transferred to development properties when significant development work is to be undertaken and is expected to complete within the normal operating cycle.

**Development Properties**

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

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

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

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

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

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

**(i) Impairment of Assets Other Than Goodwill and Financial Assets**

At the end of each reporting period, the Group and the Company assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Irrespective of whether there is any indication of impairment, the Group and the Company test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing the carrying amount with its recoverable amount. When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Group and the Company determine the recoverable amount of the cash-generating unit to which the asset belongs.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(i) Impairment of Assets Other Than Goodwill and Financial Assets (Cont'd)**

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

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each appropriate asset in the unit. An impairment loss is recognised immediately in profit or loss.

An impairment loss recognised in prior periods for an individual asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**(j) Foreign Currencies**

**Foreign Currency Transactions**

Transactions in foreign currencies are initially recorded in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions. At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

**Exchange Differences on Net Investment in Foreign Operations**

Exchange differences arising on monetary items that forms part of the Company's net investment in foreign operations are recognised in the profit or loss in the separate financial statements of the Company. In the consolidated financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserves. On the disposal of a foreign operation, the cumulative amounts of the exchange differences relating to the foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, are reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

**Foreign Operations**

Assets and liabilities of foreign operations, including goodwill arising on the acquisition and any fair value adjustments, are translated into Ringgit Malaysia at the closing rate at the end of the reporting period. Income and expenses are translated at exchange rates approximating the exchange rates at the date of the transactions. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve. On disposal of the foreign operations, the cumulative amounts of the exchange differences relating to the foreign operations, recognised in other comprehensive income and accumulated in the separate component of equity, are reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(k) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost comprise of the original cost of purchase plus the cost of bringing the inventories to its location. Cost is determined on the First-In-First-Out basis. Net realisable value represents the fair value less costs to sell.

Cost of unsold completed properties comprises proportionate cost of land and development expenditure.

**(l) Deferred and Development Expenditure**

Cost incurred by subsidiary companies engaged in hotel and resort management are deferred to the extent that the directors opinion such expenditure is expected to generate future economic benefits. The cost incurred, considered to have finite useful lives, is stated at cost less any impairment losses and are amortised using the straight-line basis over the estimated economic useful lives of 5 years. Impairment is assessed whenever there is an indication of impairment loss and the amortisation period and method are also reviewed at least at each reporting date.

**(m) Provisions**

A provision is recognised when the Group and the Company have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value of money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation.

**(n) Leases – as lessee**

**Finance Leases**

Leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Group and the Company.

The Group and the Company initially recognise finance leases as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss unless they are attributable to qualifying assets, in which case they are capitalised in accordance with the accounting policy for borrowing costs. Contingent rents are charged as an expense in profit or loss in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the leased assets are depreciated over the shorter of the lease terms and their useful lives.

**Operating Leases**

All other leases are classified as operating leases. Lease payments under operating leases are recognised as expense in profit or loss on a straight-line basis over the lease term.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(o) *Financial Assets***

Financial assets are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets. The Group and the Company did not have any financial assets other than loans and receivables and 'available-for-sale'.

**Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

**Available-For-Sale Financial Assets**

Available-for-sale financial assets are financial assets that are designated as available-for-sale.

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

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss. Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(o) Financial Assets (Cont'd)**

**Impairment of Financial Assets**

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that financial assets held are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For other financial assets, objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain categories of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

**Derecognition of Financial Assets**

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group and the Company transfer the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(p) Financial Liabilities and Equity Instruments**

**Classification of Financial Liabilities and Equity**

On initial recognition, financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement.

Interest, dividends, losses or gains relating to a financial instrument that is classified as a financial liability is recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit. Transaction costs of an equity instrument are accounted for as a deduction from equity, net of any related income tax benefit.

**Equity Instruments**

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**Financial Liabilities**

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

On initial recognition, financial liabilities are measured at fair value, less transaction costs for financial liabilities not at 'fair value through profit or loss'.

After initial recognition, financial liabilities are either classified as at 'fair value through profit or loss' or amortised cost using the effective interest method. The Group and the Company did not have any financial liabilities other than financial liabilities at amortised cost using the effective interest method.

**Financial Liabilities at Amortised Cost using the Effective Interest Method**

Effective interest method is a method of calculating the amortised cost of financial liabilities and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or a shorter period to the net carrying amount of the financial liabilities.

After initial recognition, financial liabilities other than financial liabilities at 'fair value through profit or loss' are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

**Derecognition of Financial Liabilities**

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

**(q) Revenue**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and indirect taxes applicable to the revenue.

Revenue is recognised in the profit or loss based on the following:

**Hotel and resort**

Revenue from the provision of room, food and beverage sales from hotel and resort operations are recognised upon services rendered to the customer.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(q) Revenue (Cont'd)**

**Property development activities**

Revenue from property development activities is recognised when it is probable that future economic benefits will flow to the Group and by reference to the stage of completion of the development activities in respect of development units sold. The stage of completion is measured by the completion of a physical proportion of contract work to date.

**Travel services and tours**

Revenue from group travel services and tours, hotel arrangements and air ticketing are recognised upon services rendered to the customer.

**Management fee and interest income**

Management fee and interest income are recognised on an accrual basis.

**Dividend income**

Dividend income is accounted for in the profit or loss when the rights to receive have been established.

**(r) Employee Benefits**

**Short-term Employment Benefits**

Short-term employment benefits, such as wages, allowances, salaries and social security contributions, are recognised as expense when the employees have rendered services to the Group and the Company.

The expected cost of bonus payments are recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

**Defined Contribution Plan**

Contributions payable to the defined contribution plan are recognised as expense when the employees have rendered services to the Group and the Company.

**(s) Income Tax**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current tax and deferred tax are charged or credited directly to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity. Current tax for current and prior periods is recognised as a liability to the extent unpaid. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using the tax rates that have been enacted or substantially enacted by the end of the reporting period. Current tax assets and liabilities are offset only when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Notes to the Financial Statements (Cont'd)

### For the Financial Year Ended 31 March 2018

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

#### (s) Income Tax (Cont'd)

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from initial recognition of goodwill and the initial recognition of assets or liabilities that is not a business combination and at the time of the transaction, affected neither accounting profit nor taxable profit.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expect to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period, and they are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part of the deferred tax assets to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### (t) Cash and Cash Equivalents

The Group and the Company have adopted the indirect method in preparing the statements of cash flow. Cash and cash equivalents in statements of cash flows comprise cash and bank balances, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, net off bank overdrafts.

#### (u) Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's and the Company's risks and returns. Business segments provide services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined after intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(v) *Interest-bearing Borrowings***

Borrowings 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 date. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised and amortised over the period of the facility to which it relates. Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost using the effective interest method. Any difference between the amount recorded as borrowings and the associated redemption value is recognised in the profit or loss over the period of the borrowings. General and specific 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 sale. Interest income earned from specific borrowings which are invested temporarily pending the utilisation of such borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are charged to profit or loss.

**(w) *Non-current Assets Held for Sale***

Non-current assets and disposal groups are classified as held for sale if there has been a change in management intentions in respect of the future use of the asset or disposal group, and hence the carrying amount will be recovered principally through a sale transaction rather than through continuing use. On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Immediately before the initial classification as held for sale, the carrying amount of non-current assets and disposal groups is measured in accordance with the applicable MFRSs. An impairment loss is recognised for any initial or subsequent write-down of the assets and disposal groups to fair value less costs to sell. Any subsequent increase in fair value less costs to sell is recognised as a gain in profit or loss, to the extent of the cumulative impairment loss that had previously been recognised.

**(x) *Financial Guarantee Contract***

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

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

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

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

**(y) Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is disclosed, unless the possibility of an outflow of resource embodying economic benefit is remote. When a change in the probability of an outflow of economic resources occurs and the outflow is probable, it will then be recognised as a provision. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Critical Judgements in Applying the Accounting Policies**

The judgements, apart from those involving estimations described below, that the management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

**Deferred tax assets**

Deferred tax assets are recognised for all unabsorbed capital allowances and unutilised business losses to the extent that it is probable that future taxable profits will be available against which the capital allowances and business losses can be recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**Revenue recognition from development activities**

The Group recognised revenue from development properties in the profit or loss using the stage of completion method. The stage of completion is determined by reference to the proportion of costs incurred for the work performed to date to the estimated total costs where the outcome of the projects can be reliably estimated.

Significant judgement is required in determining the stage of completion, the extent of costs incurred and the estimated total revenue and costs, as well as recoverability of the development properties. In making the judgement, the Group evaluates based on past experience, external economic factors and if possible relying on the work of specialists.

**Key Sources of Estimation Uncertainty**

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

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

**Impairment of financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

**Useful lives of property, plant and equipment and investment properties**

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. The management exercises their judgement in estimating the useful lives of the depreciable assets. The Group and Company assess annually the useful lives of the property, plant and equipment and investment properties and if the expectation differs from the original estimate, such difference will impact the depreciation in the period in which such estimate has been charged.

**Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future revenue from the CGU.

**Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on MFRS140 in making judgement whether qualifies as an investment properties. Investment properties are properties held to earn rental or for capital appreciation or both.

**5. PROPERTY, PLANT AND EQUIPMENT**

GROUP 2018	Valuation/Cost						As at 31.03.2018 RM'000
	As at 01.04.2017 RM'000	Transfer Reclassification RM'000	Additions RM'000	Disposal/ Written off RM'000	Forex Fluctuation RM'000		
Building	195,471	(519)	331	-	-	-	195,283
Freehold land	6,223	-	-	-	-	-	6,223
Long term leasehold land	33,227	-	-	-	-	-	33,227
Motor vehicles	1,749	-	-	(4)	(14)	-	1,731
Motor vehicles workshop	113	-	-	-	-	-	113
Furniture and fittings	9,635	-	51	(612)	(36)	-	9,038
Office equipment	13,446	-	350	(1,804)	(53)	-	11,939
Data processing equipment	4,025	-	327	(1,363)	(99)	-	2,890
Electrical installation	1,305	-	78	(589)	-	-	794
Boats	75	-	-	-	-	-	75
Renovations	17,555	-	13	(276)	(27)	-	17,265
Computer integrated systems	3,310	-	-	(3,310)	-	-	-
	286,134	(519)	1,150	(7,958)	(229)	278,578	

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

GROUP 2018	Accumulated Depreciation				Net Carrying Amount	
	As at 01.04.2017 RM'000	Charge for the year RM'000	Disposal/ Written off RM'000	Forex Fluctuation RM'000	As at 31.03.2018 RM'000	31.03.2018 RM'000
Building	5,640	6,111	-	-	11,751	183,532
Freehold land	-	-	-	-	-	6,223
Long term leasehold land	4,514	364	-	-	4,878	28,349
Motor vehicles	1,257	207	(4)	(11)	1,449	282
Motor vehicles workshop	-	-	-	-	-	113
Furniture and fittings	8,551	316	(612)	(33)	8,222	816
Office equipment	8,311	455	(1,773)	(41)	6,952	4,987
Data processing equipment	3,515	186	(1,360)	(95)	2,246	644
Electrical installation	978	79	(585)	-	472	322
Boats	74	1	-	-	75	-
Renovations	13,615	1,117	(156)	(15)	14,561	2,704
Computer integrated systems	2,979	331	(3,310)	-	-	-
	49,434	9,167	(7,800)	(195)	50,606	227,972

GROUP 2017	Valuation/Cost				As at 31.03.2017 RM'000	
	As at 01.04.2016 RM'000	Additions RM'000	Disposal/ Written off RM'000	Forex Fluctuation RM'000	As at 31.03.2017 RM'000	
Building	195,449	22	-	-	-	195,471
Freehold land	6,223	-	-	-	-	6,223
Long term leasehold land	33,227	-	-	-	-	33,227
Motor vehicles	1,833	-	(140)	56	1,749	
Motor vehicles workshop	113	-	-	-	-	113
Furniture and fittings	9,640	33	(108)	70	9,635	
Office equipment	14,323	464	(1,476)	135	13,446	
Data processing equipment	4,044	71	(186)	96	4,025	
Electrical installation	1,304	25	(24)	-	1,305	
Boats	75	-	-	-	-	75
Renovations	17,515	100	(79)	19	17,555	
Computer integrated systems	3,310	-	-	-	-	3,310
	287,056	715	(2,013)	376	286,134	

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

GROUP 2017	Accumulated Depreciation				Net Carrying Amount	
	As at 01.04.2016 RM'000	Charge for the year RM'000	Disposal/ Written off RM'000	Forex RM'000	As at 31.03.2017 RM'000	31.03.2017 RM'000
Building	3,733	1,907	-	-	5,640	189,831
Freehold land	-	-	-	-	-	6,223
Long term leasehold land	4,150	364	-	-	4,514	28,713
Motor vehicles	1,136	222	(140)	39	1,257	492
Motor vehicles workshop	-	-	-	-	-	113
Furniture and fittings	8,295	317	(91)	30	8,551	1,084
Office equipment	9,223	411	(1,474)	151	8,311	5,135
Data processing equipment	3,384	200	(156)	87	3,515	510
Electrical installation	928	74	(24)	-	978	327
Boats	73	1	-	-	74	1
Renovations	12,332	1,309	(78)	52	13,615	3,940
Computer integrated systems	2,648	331	-	-	2,979	331
	45,902	5,136	(1,963)	359	49,434	236,700

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

COMPANY 2018	Cost			Accumulated Depreciation			Net Carrying Amount 31.03.2018 RM'000		
	As at 01.04.2017 RM'000	Additions RM'000	Disposal RM'000	As at 31.03.2018 RM'000	01.04.2017 RM'000	Charge for the Year RM'000	Disposal RM'000	As at 31.03.2018 RM'000	31.03.2018 RM'000
Motor vehicles	449	-	(4)	445	172	89	(4)	257	188
Furniture and fittings	99	2	(2)	99	31	10	(2)	39	60
Office equipment	41	-	(6)	35	20	3	(5)	18	17
Data processing equipment	101	2	(29)	74	70	9	(29)	50	24
Electrical installation	29	-	-	29	26	3	-	29	-
Renovations	407	7	-	414	93	41	-	134	280
	1,126	11	(41)	1,096	412	155	(40)	527	569
COMPANY 2017	Cost			Accumulated Depreciation			Net Carrying Amount 31.03.2017 RM'000		
	As at 01.04.2016 RM'000	Additions RM'000	Disposal RM'000	As at 31.03.2017 RM'000	01.04.2016 RM'000	Charge for the Year RM'000	Disposal RM'000	As at 31.03.2017 RM'000	31.03.2017 RM'000
Motor vehicles	589	-	(140)	449	223	89	(140)	172	277
Furniture and fittings	111	-	(12)	99	23	11	(3)	31	68
Office equipment	41	-	-	41	17	3	-	20	21
Data processing equipment	83	18	-	101	62	8	-	70	31
Electrical installation	29	-	-	29	23	3	-	26	3
Renovations	407	-	-	407	53	40	-	93	314
	1,260	18	(152)	1,126	401	154	(143)	412	714

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(a) The details of independent professional valuation of the buildings are as follows:

<b>Year of Valuation</b>	<b>Description of Property</b>	<b>Basis of Valuation</b>
2015	Building	Open Market Value
2009	Building	Open Market Value

(b) Had the revalued building been stated in the financial statements at cost less accumulated depreciation, the net carrying amount would have been as follows:

<b>GROUP</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Buildings	112,147	116,257

(c) Included in the Group's and the Company's property, plant and equipment are motor vehicles which have been acquired by hire purchase arrangements with a net carrying amount of RM0.260 million and RM0.188 million (2017: RM0.443 million and RM0.277 million) respectively.

(d) Included in the Group's property, plant and equipment are certain assets that have been pledged to secure against banking facilities granted to the Group as disclosed in Note 17 and Note 20 to the financial statements.

(e) Included in the Group's property, plant and equipment are certain buildings which the Group is the beneficial owner with the net carrying amount of RM12.625 million (2017: RM12.625 million).

**6. LAND HELD FOR DEVELOPMENT AND DEVELOPMENT PROPERTIES**

<b>GROUP</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Leasehold land	16,653	16,631
Freehold land	25,300	27,600
Development cost	72,257	67,650
	<hr/>	<hr/>
Less: Non-current portion, classified as land held for development	114,210 (67,568)	111,881 (68,252)
	<hr/>	<hr/>
Current portion, classified as development properties	46,642	43,629

Included in the total land held for development and development properties are carrying amount of RM9.095 million (2017: RM9.074 million) which have been pledged as security for banking facilities granted to the Group as stated in Note 17 to the financial statements.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**7. INVESTMENT PROPERTIES**

GROUP	2018 RM'000	2017 RM'000
<b><i>Leasehold properties</i></b>		
<b>Cost</b>		
Beginning of the year	4,092	4,082
Addition	9	10
End of the year	4,101	4,092
<b>Accumulated Depreciation</b>		
Beginning of the year	343	303
Charge for the year	284	40
End of the year	627	343
<b>Net Carrying Amount</b>	<b>3,474</b>	<b>3,749</b>

The rental income derived from these investment properties is amounting to RM0.024 million (2017:RMNil).

The total direct operating expenses incurred for these investment properties are RM0.023 million (2017: RM0.023 million).

As at 31 March 2018, the fair values of the investment properties were estimated to be marginally lower than the net carrying amount of the investment properties based on the comparison with the similar asset in the specific location and are within Level 2 in the fair value hierarchy.

**8. GOODWILL ARISING ON CONSOLIDATION**

GROUP	2018 RM'000	2017 RM'000	As restated
<b>Cost</b>			
Beginning of the year	33,587	32,035	
- As previously reported	-		
Prior year adjustment (Note 38)			1,552
Beginning/End of the year	33,587	33,587	
- As restated			
<b>Accumulated impairment</b>			
Beginning of the year	12,321	12,321	
Charge for the year	486	-	
End of the year	12,807	12,321	
<b>Net Carrying Amount</b>	<b>20,780</b>	<b>21,266</b>	

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**8. GOODWILL ARISING ON CONSOLIDATION (CONT'D)**

Goodwill acquired in the business combinations is, from the acquisition date, allocated to the cash-generating units ('CGU') that are expected to benefit from the synergies of the combination, as follows:

	<b>2018</b> RM'000	<b>2017</b> RM'000
Property development	10,896	10,896
Travel	9,884	10,370
	<hr/>	<hr/>
	20,780	21,266

The recoverable amount of a CGU is determined based on value in use and were determined by discounting the future cash flows generated from the continuing use of the unit and were based on the following key assumptions:

- (a) The cash flow projections were approved by the management covering of a period of 5 years;
- (b) The subsidiary companies will continue its operation indefinitely;
- (c) The net profit margin is based on past performance and its expectations of market development;
- (d) The growth rate used is based on expected growth rates for sales; and
- (e) The discount rate used is pretax and reflect specific risks relating to the relevant segments.

The key assumptions used in the computation of value in use are as follows:

	<b>2018</b> %	<b>2017</b> %
Net profit margin	3 - 5	3 - 5
Growth rate	5 - 10	5 - 10
Discount rate	6.85 - 8	6.85 - 8
	<hr/>	<hr/>

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**9. INVESTMENT IN ASSOCIATES**

GROUP	2018 RM'000	2017 RM'000
Unquoted shares, at cost	321	321
Share of attributable post acquisition loss after taxation	(316)	(316)
	5	5
<b>Represented by:</b>		
Share of net tangible assets	5	5

The details of the associated companies are as follows:

Name of Companies	Equity Interest		Country of Incorporation	Principal Activities
	2018 %	2017 %		
<b><i>Held by RPB Holdings (Overseas) Limited</i></b>				
Vacation Asia (Thailand) Co. Limited (Note a)	49	49	Thailand	Travel services and tours
Reliance Holidays (Thailand) Limited (Note b)	49	49	Thailand	Travel services and tours

Note a

- These financial statements are not audited by AljeffriDean
- The Group has discontinued recognised of its share of losses as the share of accumulated losses of the associate has exceeded the Group's investment in that associate

Note b

- These financial statements are not audited by AljeffriDean
- The Group has not recognised its share of losses as there is no available latest management account. However, the directors are of the view that this would not have any significant impact to the Group based on past track record of result of the associate
- The financial year end is 31 December

The Group's share of revenue and net loss of associates are as follows:

	2018 RM'000	2017 RM'000
Revenue	-	390
Net loss for the year	-	(16)

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**9. INVESTMENT IN ASSOCIATES (CONT'D)**

The Group's share of assets and liabilities of associates are as follows:

	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Non-current assets	175	175
Current assets	621	621
Current liabilities	(535)	(535)
Currency translation differences	(256)	(256)
Net tangible assets	5	5

**10. SUBSIDIARY COMPANIES**

<b>COMPANY</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Unquoted shares, at cost	37,216	37,216

The details of subsidiary companies are as follows:

<b>Name of Companies</b>	<b>Effective</b>		<b>Principal Activities</b>	
	<b>Equity Interest</b>	<b>2018</b> <b>%</b>		
<b><u>Hotel Division</u></b>				
a) <u>Incorporated in Malaysia</u>				
Fortune Valley Sdn. Bhd.	100	100	Development and management of hotels	
Avillion Hotel Group Sdn. Bhd.	100	100	Hotel and resort management	
Avillion Hotels International Sdn. Bhd.	100	100	Hotel and resort management	
Avi Spa Sdn. Bhd.	100	100	Operate and manage spa and health centre	
Avillion Suite Hotel (PD) Sdn. Bhd.	100	100	Provision of management services for hotel suites and service apartments	
Avillion Vista Hotel Sdn. Bhd.	100	100	Provision of management services for hotel suites and service apartments	
Avillion Hotel (KL) Sdn. Bhd.	100	100	Dormant	

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**10. SUBSIDIARY COMPANIES (CONT'D)**

<b>Name of Companies</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>
	<b>2018 %</b>	<b>2017 %</b>	
<b><u>Hotel Division</u></b>			
a) <u>Incorporated in Malaysia</u>			
RPB Management Services (Overseas) Sdn. Bhd.	100	100	Dormant
RPB Hotel & Resort Management Sdn. Bhd.	60	60	Dormant
Gateway Inn Management Sdn. Bhd.	51	51	Dormant
b) <u>Incorporated in British Virgin Islands</u>			
RPB Holdings (Overseas) Limited	100	100	Investment holding
Xplanet Investments Limited	100	100	Investment company
c) <u>Incorporated in Hong Kong</u>			
*Avillion Private Collection Limited	100	100	Property marketing and management service
d) <u>Incorporated in Indonesia</u>			
*PT Avillion Indonesia	100	100	Management and advisory consultancy in hotel, property and tourism industry
<b><u>Property Division</u></b>			
<u>Incorporated in Malaysia</u>			
RPB Development Sdn. Bhd.	100	100	Hotel and resort development
Mela Lifestyle Sdn. Bhd.	100	100	Property development
Culmen Sdn. Bhd.	100	100	Investment holding
Finesta Sdn. Bhd.	100	100	Dormant
Meridian Haven Sdn. Bhd.	100	100	Investment holding
Golden Envoy (M) Sdn. Bhd.	100	100	Property development
Nesline Sdn. Bhd.	100	100	Investment holding
Taman Unik Sdn. Bhd.	100	100	Investment holding

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**10. SUBSIDIARY COMPANIES (CONT'D)**

<b>Name of Companies</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>	
	<b>2018 %</b>	<b>2017 %</b>		
<b><u>Property Division</u></b>				
<u>Incorporated in Malaysia</u>				
Festive Place Sdn. Bhd.	100	100	Development and management of tourism related projects and property investment	
Vast Access Sdn. Bhd.	100	100	Investment and property holding	
Admiral Cove Development Sdn. Bhd.	80	80	Property and resort development	
Admiral Marina Berhad	80	80	Operation of a marina club including berthing facilities	
ACD Project Management Services Sdn. Bhd.	80	80	Provision of project management services	
Genius Field Sdn. Bhd.	80	80	Investment holding	
Admiral Hill Hotel Sdn. Bhd.	80	80	Property and resort development	
<b><u>Travel Division</u></b>				
a) <u>Incorporated in Malaysia</u>				
Reliance E-Com Sdn. Bhd.	100	100	Investment company in relation to electronic commerce	
Traveleasi Sdn. Bhd.	100	100	Electronic commerce in relation to reservation services for airline tickets and tour packages via the internet and the development of related systems and products	
Reliance Shipping & Travel Agencies (Perak) Sdn. Bhd.	100	100	Investment holding	
Xplanet Capital Sdn. Bhd.	100	100	Dormant	
b) <u>Incorporated in Singapore</u>				
*Reliance Travel Agencies (S) Pte. Ltd.	100	100	Travel services, outbound tours and other related services	
*Vacation Singapore DMC Pte. Ltd.	100	100	Travel services, rental of vehicles and other related services	

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**10. SUBSIDIARY COMPANIES (CONT'D)**

<b>Name of Companies</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>
	<b>2018</b> %	<b>2017</b> %	

**Travel Division**

c) Incorporated in Australia

\*Australian Vacations Pty Ltd 100 100 Travel services and tours

\*Reliance Travel Pty Ltd 100 100 Travel services and tours

d) Incorporated in Hong Kong

\*Reliance Travel (Hong Kong) Limited 100 100 Travel services and tours

\*Vacation Asia (HK) Limited 100 100 Travel services and tours

\*Vacationland Tours (HK) Limited 100 100 Dormant

**Support Companies**

Incorporated in Malaysia

\*RPB Capital Holdings Sdn. Bhd. 100 100 Investment holding

\*READ Advertising Sdn. Bhd. 100 100 Advertising and media services

\*OS Resources Sdn. Bhd. 100 100 Office services, administration and provision of information technology products and services and property investment

\* These financial statements are not audited by AljeffriDean

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**10. SUBSIDIARY COMPANIES (CONT'D)**

The summarised financial information on the subsidiary companies that have a non-controlling interest ("NCI") before intra group elimination is as follows:

(a) Summarised statements of profit or loss

	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Revenue	10,968	11,375
(Loss)/Profit before taxation	(1,506)	375
Taxation	(22)	(19)
Net (loss)/profit for the year	(1,528)	356
(Loss)/Profit for the year allocated to NCI	(308)	64

(b) Summarised statements of financial position

	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Total assets	136,188	142,919
Total liabilities	(121,167)	(126,372)
Net assets	15,021	16,547

(c) Summarised statements of cash flow

	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Cash flow from operating activities	276	1,325
Cash flow from investing activities	(298)	(392)
Cash flow from financing activities	54	(156)

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**11. OTHER INVESTMENTS**

GROUP	2018		2017	
	Fair/Market value RM'000	Carrying amount RM'000	Fair/Market value RM'000	Carrying amount RM'000
<b>Available-for-sale financial assets</b>				
Quoted shares	332	332	379	379

The fair value of the quoted shares are determined based on the quoted market bid prices available on the relevant stock exchange.

**12. DEFERRED AND DEVELOPMENT EXPENDITURE**

GROUP	2018 RM'000	2017 RM'000
Beginning of the year	13	11
Additions during the year	86	-
Written off during the year	(43)	-
Exchange differences	(2)	2
End of the year	54	13

**13. DEFERRED TAXATION**

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax liabilities	4,570	6,255	16	16

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**13. DEFERRED TAXATION (CONT'D)**

The following are the movements of deferred tax assets and liabilities (before offsetting):

<b>Deferred Tax Assets</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b> RM'000	<b>2017</b> RM'000	<b>2018</b> RM'000	<b>2017</b> RM'000
Beginning of the year	-	172	-	-
Exchange differences	-	22	-	-
Recognised in profit or loss (Note 26)	-	(194)	-	-
End of the year	-	-	-	-

<b>Deferred Tax Liabilities</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b> RM'000	<b>2017</b> RM'000	<b>2018</b> RM'000	<b>2017</b> RM'000
Beginning of the year	(6,255)	(6,338)	(16)	(16)
Exchange differences	-	(5)	-	-
Recognised in profit or loss (Note 26)	1,685	88	-	-
End of the year	(4,570)	(6,255)	(16)	(16)

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

<b>Deferred Tax Assets</b>	<b>Unutilised investment tax allowances</b> RM'000	<b>Accelerated capital allowances</b> RM'000	<b>Total</b> RM'000
<b>- GROUP</b>			
<b>31.03.2018</b>			
Beginning/End of the year	-	-	-
<b>31.03.2017</b>			
Beginning of the year	861	(689)	172
Exchange differences	-	22	22
Recognised in profit or loss (Note 26)	(861)	667	(194)
End of the year	-	-	-

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**13. DEFERRED TAXATION (CONT'D)**

**Deferred Tax Liabilities**

- GROUP

**31.03.2018**

Beginning of the year

Recognised in profit or loss (Note 26)

End of the year

	<b>Revaluation reserve RM'000</b>	<b>Accelerated capital allowances RM'000</b>	<b>Total RM'000</b>
Beginning of the year	(5,799)	(456)	(6,255)
Recognised in profit or loss (Note 26)	-	1,685	1,685
End of the year	(5,799)	1,229	(4,570)

**31.03.2017**

Beginning of the year

Exchange differences

Recognised in profit or loss (Note 26)

End of the year

Beginning of the year	(5,799)	(539)	(6,338)
Exchange differences	-	(5)	(5)
Recognised in profit or loss (Note 26)	-	88	88
End of the year	(5,799)	(456)	(6,255)

**Deferred Tax Liabilities**

- COMPANY

**31.03.2018**

Beginning/End of the year

**Accelerated  
capital  
allowances**

**RM'000**

**Total  
RM'000**

(16) (16)

**31.03.2017**

Beginning/End of the year

(16) (16)

**14. INVENTORIES**

**GROUP**

**2018  
RM'000**      **2017  
RM'000**

At cost:

Promotional items	36	142
Trading merchandise	698	837
Unsold completed properties	15,712	16,848
Others	62	-
	16,508	17,827

Included in the unsold completed properties are 41 units (2017: 42 units) of properties which have been pledged to secure against the banking facilities as disclosed in Note 17 to the financial statements.

Inventories of RM1.514 million (2017: RM1.588 million) were recognised as expenses during the year.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**15. TRADE AND OTHER RECEIVABLES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Trade receivables	10,036	13,975	-	-
Less: Allowance for doubtful debts	(287)	(275)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	9,749	13,700	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other receivables	15,859	15,633	7,948	10,219
Deposits and prepayments	849	1,408	849	1,408
	<hr/>	<hr/>	<hr/>	<hr/>
	26,457	30,741	8,797	11,627
	<hr/>	<hr/>	<hr/>	<hr/>

The trade and other receivables are analysed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Current	19,715	22,734	3,048	3,620
Non-current	6,742	8,007	5,749	8,007
	<hr/>	<hr/>	<hr/>	<hr/>
	26,457	30,741	8,797	11,627
	<hr/>	<hr/>	<hr/>	<hr/>

- (a) The normal credit term of trade receivables ranging from 30 to 90 days (2017: 30 to 90 days).
- (b) The Company's other receivables consist of amount due from former related companies which is unsecured, subject to interest rate at 5% to 6.1% (2017: 1.5% to 6.1%) per annum and has fixed term of repayment. All other amounts are interest free.
- (c) As at 31 March 2018, the Group's trade receivables ageing are as follows:

	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Neither past due nor impaired	5,228	5,193
01 to 30 days past due but not impaired	1,049	2,526
31 to 60 days past due but not impaired	865	324
61 to 90 days past due but not impaired	402	1,584
More than 91 days past due but not impaired	2,205	4,073
	<hr/>	<hr/>
Impaired	9,749	13,700
	287	275
	<hr/>	<hr/>
	10,036	13,975
	<hr/>	<hr/>

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**15. TRADE AND OTHER RECEIVABLES (CONT'D)**

Trade receivables that are neither past due nor impaired

Trade receivables that were neither past due nor impaired relate to customers from whom there were no default. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

Trade receivables that were past due but not impaired relate to customers where there is no expectation of default. The directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Trade receivables that is impaired

The Group's movement of the allowance accounts used to record the impairment are as follows:

	<b>2018</b> RM'000	<b>2017</b> RM'000
Beginning of the year	275	264
Charge during the year	12	11
	<hr/>	<hr/>
End of the year	287	275

**16. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES**

The amount due from/(to) subsidiary companies are unsecured and are repayable on demand. Interest rate ranging from 1.5% to 6.85% per annum is charged on amount owing of RM175.921 million (2017: RM168.428 million) of certain subsidiaries. All other amounts are interest free.

**17. TERM LOANS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b> RM'000	<b>2017</b> RM'000	<b>2018</b> RM'000	<b>2017</b> RM'000
Total term loans	73,768	76,643	73,486	75,486
Less:				
Payable within 1 year (Note 20)	(11,532)	(14,875)	(11,250)	(14,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Payable after 1 year	62,236	61,768	62,236	61,486

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**17. TERM LOANS (CONT'D)**

The Company has been granted with term loans as follows:

- (a) Term loan of RM70 million from financial institution for a period of 8 years. The purpose of the term loan is to refinance the overdraft and term loan. The repayment is by 15 semi-annual installments commencing upon expiry of the 12 months grace period from the date of first drawdown. The effective interest rate is at 2.25% per annum above the Bank's Cost of Funds. The term loan is secured against the first legal charge on subsidiary company properties located at Port Dickson.
- (b) Term loan of RM12 million from financial institution for a period of 2 years. The purpose of the term loan is to refinance the term loan and working capital. The repayment is by 7 quarterly installments, 3 installments at RM1 million and 4 installments at RM2.25 million commencing upon expiry of the 6 months grace period from the date of first drawdown. The effective interest rate is at 8.5% per annum. The term loan is secured against the third party first legal charge on subsidiary company properties located at Port Dickson.

The subsidiary companies have been granted with term loans as follows:

- (a) Term loan of RM3 million from financial institution for a period of 4 years. The purpose of the term loan is to finance refurbishment and maintenance and repair related cost at Avillion Port Dickson Resort. The repayment is by 6 semi-annual installments, one installment at RM0.375 million, 4 installments at RM0.5 million and last installment at RM0.625 million commencing upon expiry of the 18 months grace period from the date of first drawdown. The effective interest rate is at 2.25% per annum above the Bank's Cost of Funds. The term loan is secured against the second legal charge on subsidiary company properties located at Port Dickson.

**18. HIRE PURCHASE PAYABLES**

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Minimum payments</b>				
- Not later than 1 year	151	158	96	80
- Later than 1 year and not later than 5 years	96	238	80	176
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Future finance charges	247	396	176	256
	(36)	(44)	(19)	(28)
	<hr/>	<hr/>	<hr/>	<hr/>
Present value of hire purchase payables	211	352	157	228
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Present value of hire purchase payables</b>				
- Not later than 1 year	120	140	71	71
- Later than 1 year and not later than 5 years	91	212	86	157
	<hr/>	<hr/>	<hr/>	<hr/>
	211	352	157	228
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**19. TRADE AND OTHER PAYABLES**

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000 As restated	2018 RM'000	2017 RM'000
Trade payables	11,872	15,734	-	-
Other payables	10,124	7,173	1,027	213
Advance from certain director	177	3,129	177	3,129
	22,173	26,036	1,204	3,342

The normal credit term granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

Advance from certain director is unsecured, interest-free and repayable on demand.

**20. SHORT TERM BORROWINGS**

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Bank overdraft				
- Secured	23,320	32,033	9,943	10,935
- Unsecured	288	1,812	288	1,812
	23,608	33,845	10,231	12,747
Revolving credit (secured)	13,500	13,500	10,000	10,000
Term loan (secured) *				
- Current portion (Note 17)	11,532	14,875	11,250	14,000
	48,640	62,220	31,481	36,747

The above bank borrowings are secured as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
i) Charged over certain property, plant and equipment of related and subsidiary companies	36,416	41,741	31,393	34,935
ii) Joint and several guarantee by the subsidiary companies	-	-	10,000	10,000

\* Details of securities of term loans are disclosed in Note 17 to the financial statements.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**21. SHARE CAPITAL**

	<b>GROUP AND COMPANY</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Issued and fully paid up:</u>		
858.552 million ordinary shares with no par value		
Beginning of the year	200,551	171,710
Transition to no par value regime	-	19,911
- Share premium reserve	-	8,930
End of the year	<u>200,551</u>	<u>200,551</u>

The new Companies Act, 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of nominal value in share. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserve becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

**22. RESERVES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Non-distributable:</u>				
Share premium reserve (Note a)	-	-	-	-
Share buy-back reserve (Note b)	-	-	-	-
Available-for-sale reserve (Note c)	(4,681)	(4,634)	-	-
Foreign currency translation reserve (Note d)	(675)	2,688	-	-
Revaluation reserve (Note e)	108,634	108,634	-	-
	<u>103,278</u>	<u>106,688</u>	-	-
<u>Distributable:</u>				
Accumulated losses (Note f)	(25,805)	(14,964)	(33,134)	(29,084)
	<u>77,473</u>	<u>91,724</u>	<u>(33,134)</u>	<u>(29,084)</u>

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**22. RESERVES (CONT'D)**

- (a) Share premium arose from the issues of ordinary shares in excess of the par value. In the previous financial year, this has been reclassified into share capital as required by Companies Act, 2016.
- (b) Share buy-back reserve arose pursuant to the Company's purchase of its own shares. In the previous financial year, this has been reclassified into share capital as required by Companies Act, 2016.
- (c) Available-for-sale reserve arose from the restatement to fair value of 'available-for-sale' financial assets held by the Group at the end of the reporting period.
- (d) Foreign currency translation reserve arose from the exchange differences on the translation of foreign operations.
- (e) Revaluation reserve relates to the revaluation of the Group's buildings.
- (f) Tax on the Company's profits is a final tax and dividends distributed to shareholders will be exempted from tax.

**23. ANALYSIS OF GROUP'S REVENUE AND COST OF SALES**

Revenue of the Company represents management fees and investment income. Revenue of the Group represents the gross invoiced value of tour operations, less discounts and returns and agency commission; income from the provision of room, food and beverage from hotel and resort operations; income from other travel related services; proportionate sale value of development properties completed during the year; fees from business computing solutions rendered and income from the operation of a marina club.

GROUP	Revenue	Cost of sales	Composition of cost of sales
	RM'000	RM'000	
<b>2018</b>			
Hotel and resort management	42,900	7,434	Cost of material purchased and related overheads
Properties	11,685	4,003	Development cost of properties and discount given to club members
Tours operations and other travel related services	76,195	69,872	Purchases of tours, tickets, hire of coach, fuel, maintenance and upkeep of vehicles, and other related expenses
Support	641	154	Cost of services and related expenses
	<b>131,421</b>	<b>81,463</b>	

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**23. ANALYSIS OF GROUP'S REVENUE AND COST OF SALES (CONT'D)**

<b>GROUP</b>	<b>Revenue</b>	<b>Cost of sales</b>	<b>Composition of cost of sales</b>
	<b>RM'000</b>	<b>RM'000</b>	
<b>2017</b>			
Hotel and resort management	40,904	7,086	Cost of material purchased and related overheads
Properties	12,159	3,197	Development cost of properties and discount given to club members
Tours operations and other travel related services	98,435	91,732	Purchases of tours, tickets, hire of coach, fuel, maintenance and upkeep of vehicles, and other related expenses
Support	2,703	1,287	Cost of services and related expenses
	<b>154,201</b>	<b>103,302</b>	

**24. (LOSS)/PROFIT FROM OPERATIONS**

(Loss)/Profit from operations is arrived at:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
<b>After charging:</b>				
Directors' remuneration:				
- Short term benefits	1,726	2,489	881	1,214
- EPF contributions	131	216	74	134
Audit fees				
- Current year	263	291	15	15
- Under/(Over) provision in previous year	5	(4)	-	-
Rental of office	1,216	1,415	81	257
Depreciation of property, plant and equipment	9,167	5,136	155	154
Depreciation of investment properties	284	40	-	-
Impairment loss of goodwill	486	-	-	-
Written off of deferred expenditure	43	-	-	-
Allowance for doubtful debts	12	11	-	-
Impairment loss of financial assets	-	8,730	-	8,241
Bad debts written off	485	7,218	-	-
Impairment losses of unquoted shares	-	60	-	-
Property, plant and equipment written off	159	3	1	-
Lease rental	6,368	6,663	-	-
Realised loss on foreign exchange	203	51	33	-
Unrealised loss on foreign exchange	-	-	-	2,132
Staff costs	17,789	17,305	1,269	1,001
- Short term benefits	1,748	1,668	182	132

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**24. (LOSS)/PROFIT FROM OPERATIONS (CONT'D)**

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>And crediting:</b>				
Management fees from subsidiary companies	-	-	336	330
Gain on disposal of property, plant and equipment	-	41	-	56
Gain on disposal of land held for development	1,122	201	-	-
Unrealised gain on foreign exchange	-	-	1,449	-
Gain on disposal of investment in associate	376	861	-	-
Interest income	583	639	4,571	4,805
Rental income	24	-	-	-
Realised gain on foreign exchange	3	118	-	-

**25. FINANCE COSTS**

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Term loan interest	4,516	5,127	4,428	4,250
Overdraft interest	2,001	2,694	710	920
Revolving credit interest	1,112	1,037	797	731
Amortisation - Term Loan upfront fee	23	23	23	23
Hire purchase interest	18	19	9	9
	7,670	8,900	5,967	5,933

**26. TAXATION**

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Corporate taxation:</b>				
Provision for the year	1,333	1,150	-	-
Underprovision in previous year	831	260	602	-
	2,164	1,410	602	-
<b>Deferred taxation:</b>				
Origination and reversal of temporary timing differences (Note 13)	(1,685)	106	-	-
Tax expense	479	1,516	602	-

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**26. TAXATION (CONT'D)**

Malaysian income tax is calculated at the Malaysian statutory income tax rate of 24% on the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follow:

	<b>GROUP</b>		<b>COMPANY</b>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loss before taxation	(10,670)	(22,941)	(3,448)	(15,073)
Malaysian statutory tax rate at 24%	(2,561)	(5,506)	(828)	(3,617)
Tax effect on different tax rate in another country	206	247	-	-
Tax effect on expenses that are not deductible for tax purposes	5,577	8,084	866	3,350
Income not subject to tax	(1,701)	(896)	(348)	(13)
Deferred tax asset not recognised	619	919	310	280
Utilisation of previously unabsorbed capital allowances and unutilised business losses	(2,492)	(1,592)	-	-
Underprovision in previous year	831	260	602	-
<b>Tax expense</b>	<b>479</b>	<b>1,516</b>	<b>602</b>	<b>-</b>

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

	<b>GROUP</b>		<b>COMPANY</b>	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unabsorbed capital allowances	77	81	-	-
Unutilised business losses	35,990	34,605	10,302	9,117
	<b>36,067</b>	<b>34,686</b>	<b>10,302</b>	<b>9,117</b>

The above unabsorbed capital allowances and unutilised business losses are available indefinitely for offset against future taxable profits, subject to the approval of the Inland Revenue Board. Deferred tax assets have not been recognised in respect of these items due to uncertainty of its recoverability.

**27. BASIC LOSSES PER SHARE**

The basic losses per share has been calculated based on the loss attributable to equity holders of the parent of RM10.841 million (2017: RM24.521 million) divided by the weighted average number of 858.552 million (2017: 858.552 million) ordinary shares.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**28. CASH AND CASH EQUIVALENTS**

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed and call deposits	7,154	12,808	-	-
Cash and bank balances	4,660	5,076	2,207	2,314
Bank overdrafts	(23,608)	(33,845)	(10,231)	(12,747)
	(11,794)	(15,961)	(8,024)	(10,433)

**29. CONTINGENT LIABILITIES**

As at 31 March 2018, the Group and the Company have contingent liabilities as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
a) Corporate guarantees given by the Company to banks and suppliers for credit facilities granted to the subsidiary companies	-	-	24,433	40,666
b) Secured bank guarantees issued to third parties in the ordinary course of business	4,663	7,999	1,153	1,235
	4,663	7,999	25,586	41,901

The corporate guarantee does not have a determinable effect on the terms of the banking facilities due to the bank requiring parent guarantee as a pre-condition for approving the banking facilities granted to the Group. The fair value of the financial guarantee contract were not recognised in the statements of financial position as they are unlikely to be called.

**30. SIGNIFICANT RELATED PARTY TRANSACTION**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities. The transactions with the former directors have been entered into in the normal course of business and have been established under negotiated terms.

GROUP	2018 RM'000	2017 RM'000
a) Services rendered to the companies controlled by certain former directors		
PYO Travel Pte Limited (Incorporated in Singapore)	-	14
Vacation Asia Holdings Sdn. Bhd. (Incorporated in Malaysia)	-	909

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**30. SIGNIFICANT RELATED PARTY TRANSACTION (CONT'D)**

		<b>2018</b> RM'000	<b>2017</b> RM'000
<b>GROUP</b>			
<b>b) Services rendered by the companies controlled by certain former directors</b>			
Relvest Management Services Sdn. Bhd. (Incorporated in Malaysia)		-	59
Vacation Asia International Sdn. Bhd. (Incorporated in Malaysia)		-	126
<hr/>			
<b>c) Purchases from the company controlled by certain former directors</b>			
Reliance Shipping & Travel Agencies Sdn. Berhad (Incorporated in Malaysia)		-	12
Reliance Sightseeing Sdn. Bhd. (Incorporated in Malaysia)		-	59
Vacation Asia International Sdn. Bhd. (Incorporated in Malaysia)		-	207
PYO Travel (MY) Sdn. Bhd. (Incorporated in Malaysia)		-	2
<hr/>			
<b>d) Sales to the company controlled by certain former directors</b>			
Reliance Shipping & Travel Agencies Sdn. Berhad (Incorporated in Malaysia)		-	1,111
PYO Travel (MY) Sdn. Bhd. (Incorporated in Malaysia)		-	195
Reliance Sightseeing Sdn. Bhd. (Incorporated in Malaysia)		-	21
Layang-layang Island Resort Sdn. Bhd. (Incorporated in Malaysia)		-	75
PYO Travel Pte Limited (Incorporated in Singapore)		-	495
Plan Your Own Travel Limited (Incorporated in Hong Kong)		-	33
Vacation Asia International Sdn. Bhd. (Incorporated in Malaysia)		-	1,283
Reliance College Sdn. Bhd. (Incorporated in Malaysia)		-	9
<hr/>			
<b>e) Compensation of key management personnel</b>			
Short term benefits		3,410	3,527
EPF contributions		352	314
		<hr/>	<hr/>
		3,762	3,841
<hr/>			
		<b>2018</b> RM'000	<b>2017</b> RM'000
<b>COMPANY</b>			
<b>a) Interest income received from</b>			
Admiral Cove Development Sdn. Bhd. (Incorporated in Malaysia)		266	276
Admiral Marina Berhad (Incorporated in Malaysia)		585	590
Mela Lifestyle Sdn. Bhd. (Incorporated in Malaysia)		1,297	1,503
Meridian Haven Sdn. Bhd. (Incorporated in Malaysia)		1,205	1,198
Golden Envoy (M) Sdn. Bhd. (Incorporated in Malaysia)		709	678
Reliance Shipping & Travel Agencies Sdn. Berhad (Incorporated in Malaysia)		-	20
Vacation Asia Holdings Sdn. Bhd. (Incorporated in Malaysia)		-	254
		<hr/>	<hr/>
		4,062	4,519
<hr/>			

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**30. SIGNIFICANT RELATED PARTY TRANSACTION (CONT'D)**

		<b>2018</b> RM'000	<b>2017</b> RM'000
<b>COMPANY</b>			
<b>b) Management fee received from</b>			
Admiral Cove Development Sdn. Bhd. (Incorporated in Malaysia)		60	60
Admiral Hill Hotel Sdn. Bhd. (Incorporated in Malaysia)		-	240
READ Advertising Sdn. Bhd. (Incorporated in Malaysia)		-	30
Golden Envoy (M) Sdn. Bhd. (Incorporated in Malaysia)		60	-
Avillion Hotel Group Sdn. Bhd. (Incorporated in Malaysia)		216	-
		<hr/> 336	<hr/> 330
<b>c) Compensation of key management personnel</b>			
Short term benefits		1,361	1,612
EPF contributions		153	165
		<hr/> 1,514	<hr/> 1,777

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

Included in the compensation of key management personnel is the directors' remuneration as disclosed in Note 24 to the financial statements.

There are no outstanding balances presented as at the end of the financial year, as the director which is connected to the related companies had resigned from the director of the Company. Therefore these related companies are no longer related to the Company.

**31. OPERATING LEASES**

Non-cancellable operating lease commitment – as lessee

<b>GROUP</b>		<b>2018</b> RM'000	<b>2017</b> RM'000
Future minimum lease payable:			
Not later than 1 year		1,894	5,790
Later than 1 year but not later than 5 years		2,020	3,914
		<hr/> 3,914	<hr/> 9,704

Operating lease payment represents fixed payment for the leaseback of one block of hotel suites for hotel management purposes for a period of 8 years and 50 units of hotel suites for 7 years.

## Notes to the Financial Statements (Cont'd) For the Financial Year Ended 31 March 2018

## 32. SEGMENT INFORMATION

31 March 2018

	Hotel Management Malaysia RM'000	Overseas RM'000	Property Development RM'000	Malaysia RM'000	Travel Overseas RM'000	Management RM'000	and Group Management RM'000	Consolidated RM'000
<b>Revenue</b>	42,396	504	11,685	-	76,195	641	131,421	
 <b>Result</b>								
Segment result	543	23	(2,326)	(435)	(3,121)	(5,354)	(10,670)	
Share of results of associates							-	
Loss before taxation							(10,670)	
Taxation							(479)	
Net loss for the year							(11,149)	
 <b>Segment Assets and Liabilities</b>								
<b>Assets</b>								
Segment assets	168,901	425	191,496	826	16,465	43,488	421,605	
Investment in associates								
Total Group's assets							421,606	
 <b>Liabilities</b>								
Segment liabilities	18,012	278	6,190	203	13,447	95,130	133,260	
Provision for taxation							56	
Deferred tax liabilities							4,570	
Total Group's liabilities							137,886	

## 32. SEGMENT INFORMATION (CONT'D)

31 March 2017

	Support Services				Consolidated RM'000	
	Hotel Management Malaysia RM'000	Overseas RM'000	Property Development RM'000	Malaysia RM'000	Overseas RM'000	Travel Management RM'000
<b>Revenue</b>	40,323	581	12,159	-	98,435	2,703
<b>Result</b>	354	(326)	1,273	(7,144)	(3,943)	(13,139)
Segment result						(22,925)
Share of results of associates						(16)
Loss before taxation						(22,941)
Taxation						(1,516)
Net loss for the year						(24,457)
<b>Segment Assets and Liabilities</b>						
<b>Assets</b>						
Segment assets	176,219	193	206,195	1,159	23,425	47,766
Investment in associates						454,957
Total Group's assets						5
<b>Liabilities</b>						
Segment liabilities	25,315	123	6,952	1,007	18,363	98,616
Provision for taxation						150,376
Deferred tax liabilities						52
Total Group's liabilities						6,255
						156,683

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**33. FINANCIAL INSTRUMENTS**

**33.1 Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains or losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

<b>GROUP</b>	<b>2018</b>	<b>Loans and Receivables</b>	<b>Available-for-sale</b>	<b>Financial Liabilities at Amortised Cost</b>	<b>Total</b>		
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>			
<b>Financial Assets</b>							
<b>2018</b>							
Other investments	-		332	-	332		
Trade and other receivables	26,457		-	-	26,457		
Fixed and call deposits	7,154		-	-	7,154		
Cash and bank balances	4,660		-	-	4,660		
		<b>38,271</b>	<b>332</b>	<b>-</b>	<b>38,603</b>		
<b>Financial Liabilities</b>							
Trade and other payables	-		22,173	22,173	22,173		
Term loans	-		73,768	73,768	73,768		
Bank overdraft	-		23,608	23,608	23,608		
Revolving credit	-		13,500	13,500	13,500		
Hire purchase payables	-		211	211	211		
			<b>133,260</b>	<b>133,260</b>	<b>133,260</b>		
<b>2017</b>							
<b>Financial Assets</b>							
Other investments	-		379	-	379		
Trade and other receivables	30,741		-	-	30,741		
Fixed and call deposits	12,808		-	-	12,808		
Cash and bank balances	5,076		-	-	5,076		
		<b>48,625</b>	<b>379</b>	<b>-</b>	<b>49,004</b>		
<b>Financial Liabilities</b>							
Trade and other payables	-		26,036	26,036	26,036		
Term loans	-		76,643	76,643	76,643		
Bank overdraft	-		33,845	33,845	33,845		
Revolving credit	-		13,500	13,500	13,500		
Hire purchase payables	-		352	352	352		
			<b>150,376</b>	<b>150,376</b>	<b>150,376</b>		

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.1 Classification of financial instruments (cont'd)**

<b>COMPANY</b> <b>2018</b>	<b>Loans and Receivables</b> <b>RM'000</b>	<b>Available- for-sale</b> <b>RM'000</b>	<b>Financial Liabilities at Amortised Cost</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Financial Assets</b>				
Trade and other receivables	8,797	-	-	8,797
Amount due from subsidiary companies	259,586	-	-	259,586
Cash and bank balances	2,207	-	-	2,207
	<b>270,590</b>	<b>-</b>	<b>-</b>	<b>270,590</b>
<b>Financial Liabilities</b>				
Trade and other payables	-	-	1,204	1,204
Term loans	-	-	73,486	73,486
Bank overdraft	-	-	10,231	10,231
Amount due to subsidiary companies	-	-	45,864	45,864
Revolving credit	-	-	10,000	10,000
Hire purchase payables	-	-	157	157
	<b>-</b>	<b>-</b>	<b>140,942</b>	<b>140,942</b>
<b>2017</b>				
<b>Financial Assets</b>				
Trade and other receivables	11,627	-	-	11,627
Amount due from subsidiary companies	270,893	-	-	270,893
Cash and bank balances	2,314	-	-	2,314
	<b>284,834</b>	<b>-</b>	<b>-</b>	<b>284,834</b>
<b>Financial Liabilities</b>				
Trade and other payables	-	-	3,342	3,342
Term loans	-	-	75,486	75,486
Bank overdraft	-	-	12,747	12,747
Amount due to subsidiary companies	-	-	49,478	49,478
Revolving credit	-	-	10,000	10,000
Hire purchase payables	-	-	228	228
	<b>-</b>	<b>-</b>	<b>151,281</b>	<b>151,281</b>

**Notes to the Financial Statements (Cont'd)  
For the Financial Year Ended 31 March 2018**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 Financial risk management objective and policies**

The Group and the Company are mainly exposed to credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk). The Group and the Company has formal risk management policies and guidelines, as approved by the Board of Directors, which set out its overall business strategies, its tolerance for risks and its general risk management philosophy. Such policies are monitored and undertaken by the management.

**33.2.1 Credit risk**

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and deposits placed with licensed banks.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than disclosed in the notes.

The Group and the Company does not hold any collateral and thus, the credit exposure is continuously monitored by the directors.

The average credit periods granted to the trade receivables is ranging from 30 to 90 days.

**33. FINANCIAL INSTRUMENTS (CONT'D)****33.2 Financial risk management objective and policies (cont'd)****33.2.2 Liquidity risk**

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

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

GROUP	2018	Weighted Average Effective Interest Rate %	Not Later Than 1 Month or on Demand	1 Month to 3 Months	3 Months to 1 Year	Later Than 1 Year and not Later Than 5 Years	More Than 5 Years	Total	
								RM'000	RM'000
Trade payables	-	-	11,872	-	-	-	-	11,872	
Advance from certain director	-	-	177	-	-	-	-	-	177
Term loans*	5.90 to 8.50	-	-	2,487	14,103	72,111	-	-	88,701
Bank overdraft	8.10 to 9.04	23,608	-	-	-	-	-	-	23,608
Revolving credit	5.70 to 10.37	-	5,000	8,500	-	-	-	-	13,500
Hire purchase payables*	2.48 to 3.00	13	38	100	96	-	-	-	247
	35,670	7,525	22,703	72,207	-	-	-	138,105	
<b>2017</b>									
Trade payables	-	15,734	-	-	-	-	-	-	15,734
Advance from certain director	-	3,129	-	-	-	-	-	-	3,129
Term loans*	5.90 to 8.50	-	3,848	15,486	65,415	9,733	-	-	94,482
Bank overdraft	8.10 to 8.95	28,745	700	700	3,700	-	-	-	33,845
Revolving credit	5.70 to 9.80	-	8,500	5,000	-	-	-	-	13,500
Hire purchase payables*	2.48 to 3.00	13	40	105	238	-	-	-	396
	47,621	13,088	21,291	69,353	9,733	-	-	161,086	

\* The amount included principal and finance cost.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 Financial risk management objective and policies (cont'd)**

**33.2.2 Liquidity risk (cont'd)**

COMPANY	Weighted Average Effective Interest Rate %	Not Later Than 1 Month or on Demand RM'000	1 Month to 3 Months RM'000	3 Months to 1 Year RM'000	Later Than 1 Year and not Later Than 5 Years RM'000	More Than 5 Years RM'000	Total RM'000
							2018
Advance from certain director	-	177	-	-	-	-	177
Term loans*	5.90 to 8.50	-	2,204	14,103	72,111	-	88,418
Bank overdraft	8.10 to 8.50	10,231	-	-	-	-	10,231
Revolving credit	5.70 to 10.37	-	5,000	5,000	-	-	10,000
Hire purchase payables*	2.48 to 3.00	8	24	64	80	-	176
		10,416	7,228	19,167	72,191	-	109,002
<hr/>							
<b>2017</b>							
Trade payables	-	3,129	-	-	-	-	3,129
Term loans*	5.90 to 8.50	-	3,455	14,974	65,132	-	93,294
Bank overdraft	8.10 to 8.95	12,747	-	-	-	-	12,747
Revolving credit	5.70 to 9.80	-	5,000	5,000	-	-	10,000
Hire purchase payables*	2.48 to 3.00	7	21	52	176	-	256
		15,883	8,476	20,026	65,308	9,733	119,426

\*The amount included principal and finance cost.

The Group and the Company believes that the liquidity risk in respect of the financial guarantees is minimum as it is unlikely that the subsidiary companies will not make payment to the banks when their respective borrowings fall due.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 Financial risk management objective and policies (cont'd)**

**33.2.3 Market risk (cont'd)**

**Foreign currency risk**

The Group incurs foreign currency risk on the subsidiary companies that are denominated in foreign currencies. The currencies giving rise to this risk are primarily the Singapore Dollar (SGD), Hong Kong Dollar (HKD) and Australia Dollar (AUD). The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

**Financial Assets**

<b>2018</b>	<b>SGD RM'000</b>	<b>HKD RM'000</b>	<b>AUD RM'000</b>	<b>USD RM'000</b>	<b>Total RM'000</b>
Trade and other receivables	1,463	5,439	91	-	6,993
Fixed and call deposits	435	6,024	-	195	6,654
Cash and bank balances	785	480	4	-	1,269
	2,683	11,943	95	195	14,916

**2017**

Trade and other receivables	2,064	4,694	1,828	-	8,586
Fixed and call deposits	849	9,468	-	1,938	12,255
Cash and bank balances	326	1,458	23	-	1,807
	3,239	15,620	1,851	1,938	22,648

**Financial Liabilities**

<b>2018</b>	<b>SGD RM'000</b>	<b>HKD RM'000</b>	<b>AUD RM'000</b>	<b>USD RM'000</b>	<b>Total RM'000</b>
Trade and other payables	2,766	6,604	238	-	9,608
Bank overdraft	-	3,839	-	-	3,839
	2,766	10,443	238	-	13,447

**2017**

Trade and other payables	3,179	7,772	490	-	11,441
Bank overdraft	-	6,921	-	-	6,921
	3,179	14,693	490	-	18,362

The Company did not expose to foreign currency risk.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 Financial risk management objective and policies (cont'd)**

**33.2.3 Market risk (cont'd)**

**Foreign currency risk sensitivity**

A 10% strengthening of Ringgit Malaysia against the following foreign currencies at the end of the reporting period would increase other comprehensive loss by the amounts shown below. This analysis assumes that all other variables remain unchanged.

2018	SGD RM'000	HKD RM'000	AUD RM'000	USD RM'000	Total RM'000
Other comprehensive loss	8	(150)	14	(20)	(148)
<hr/>					
<b>2017</b>					
Other comprehensive loss	(6)	(93)	(136)	(194)	(429)

A 10% weakening of Ringgit Malaysia against the above foreign currencies at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

**Interest rate risk**

The Group and the Company obtains financing through leasing arrangement, bank borrowings and other financial liabilities. The Group's and the Company's policy is to obtain the borrowings with the most favourable interest rates in the market.

The Group and the Company constantly monitors its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The carrying amounts of the financial instruments that are exposed to interest rate risk are as follows:

GROUP Financial Assets	Weighted Average Effective Interest Rate %	Fixed Rate RM'000	2018		2017	
			Floating Rate RM'000	Fixed Rate RM'000	Floating Rate RM'000	Fixed Rate RM'000
Fixed and call deposits	0.30 to 3.00	7,154	-	12,808	-	-
Amount due from former related companies	5.00 to 6.10	7,948	-	10,219	-	-
		15,102	-	23,027	-	-

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 Financial risk management objective and policies (cont'd)**

**33.2.3 Market risk (cont'd)**

**Interest rate risk (cont'd)**

GROUP Financial Liabilities	Weighted Average Effective Interest Rate %	2018		2017	
		Fixed Rate RM'000	Floating Rate RM'000	Fixed Rate RM'000	Floating Rate RM'000
Term loans	5.90 to 8.50	12,000	61,768	-	76,643
Bank overdraft	8.10 to 9.04	-	23,608	-	33,845
Revolving credit	5.70 to 10.37	-	13,500	-	13,500
Hire purchase payables	2.48 to 3.00	211	-	352	-
		12,211	98,876	352	123,988

COMPANY Financial Assets	Weighted Average Effective Interest Rate %	2018		2017	
		Fixed Rate RM'000	Floating Rate RM'000	Fixed Rate RM'000	Floating Rate RM'000
Amount due from subsidiary companies	1.50 to 6.85	259,586	-	168,428	-
Amount due from former related companies	1.50 to 6.10	7,949	-	10,219	-
		267,535	-	178,647	-

Financial Liabilities	Weighted Average Effective Interest Rate %	2018		2017	
		Fixed Rate RM'000	Floating Rate RM'000	Fixed Rate RM'000	Floating Rate RM'000
Term loans	5.90 to 8.50	12,000	61,486	-	75,486
Revolving credit	5.90 to 10.37	-	10,000	-	10,000
Bank overdraft	8.10 to 8.50	-	10,231	-	12,747
Hire purchase payables	2.48 to 3.00	157	-	228	-
		12,157	81,717	228	98,233

Financial instruments subject to floating interest rates are repriced regularly. Financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and of the Company that are not included in the abovementioned table are not subject to interest rate risks.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 Financial risk management objective and policies (cont'd)**

**33.2.3 Market risk (cont'd)**

**Interest rate risk sensitivity**

An increase in market interest rates by 1% on financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would increase the loss before tax approximately by RM0.989 million and RM0.817 million (2017: RM1.240 million and RM0.982 million) respectively. This analysis assumes that all other variables remain unchanged. A decrease in market interest rates by 1% on financial liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

**Price risk**

The Group is exposed to equity securities price risk from its investments in quoted securities classified as available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio which is done in accordance with the limits set by the Group.

**33.3 Fair values measurement**

**33.3.1 Financial asset that are carried at fair value**

The fair values of all financial assets and liabilities of the Group and of the Company as at 31 March 2018 are not materially different from their carrying amounts.

The table below analyses financial instruments carried at fair value and carrying amounts shown in the statements of financial position.

2018	Hierarchy of fair value			Total RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>Financial Asset</b>					
Other investments	332	-	-	332	332
<b>2017</b>					
<b>Financial Asset</b>					
Other investments	379	-	-	379	379

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.3 Fair values measurement (cont'd)**

**33.3.2 Non-financial asset that are not carried at fair value (cont'd)**

The table below analyses non-financial asset that not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

GROUP	2018	Hierarchy of fair value			Carrying Amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>Non-financial Asset</b>					
Investment properties	-	3,363	-	3,363	3,474
<b>2017</b>					
<b>Non-financial Asset</b>					
Investment properties	-	3,768	-	3,768	3,749

**Policy on transfer between levels**

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

**Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

**Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and 2 fair values during the financial year.

**Level 3 fair value**

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

Specific valuation technique used to value financial instruments include:

- Quoted market price
- Assumptions by the directors by referring to location and condition of the assets

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**34. CAPITAL RISK MANAGEMENT**

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and the Company may return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group and the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statements of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statements of financial position plus net debt.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Bank overdrafts	23,608	33,845	10,231	12,747
Revolving credit	13,500	13,500	10,000	10,000
Hire purchase payables	211	352	157	228
Term loans	73,768	76,643	73,486	75,486
	111,087	124,340	93,874	98,461
Less: Cash and cash equivalents (excluding bank overdraft)	(11,814)	(17,884)	(2,207)	(2,314)
	99,273	106,456	91,667	96,147
Net debt	278,024	292,275	167,417	171,467
Total equity	377,297	398,731	259,084	267,614
	26	27	35	36
Gearing ratio (%)				

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

**35. ASSET HELD FOR SALE**

On 20 June 2014, the Group had entered into the share sale agreement to dispose off its 39.99% stake in Menara Ampang Sdn. Bhd. The share sale agreement was signed between Culmen Sdn. Bhd., a wholly-owned subsidiary of the Company and Ibu Kota Developments Sdn. Bhd. for a total consideration of RM41.515 million.

On 05 August 2015, both parties have mutually agreed to extend the completion date of the share sale agreement to 30 June 2017. However, the transaction has been completed on 21 April 2017.

**36. CHANGE OF COMPANY'S NAME**

The Company had on 05 September 2017 changed its name from Reliance Pacific Berhad to Avillion Berhad.

**Notes to the Financial Statements (Cont'd)**  
**For the Financial Year Ended 31 March 2018**

**37. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES**

<b>Group</b>	<b>Term loan RM'000</b>	<b>Hire purchase payables RM'000</b>	<b>Advance from certain director RM'000</b>	<b>Total RM'000</b>
Balance as at 01.04.2017	76,643	352	3,129	80,124
<b>Changes from financing cash flows:</b>				
Drawdown of borrowings	12,000	-	-	12,000
Repayment during the year	(14,875)	(141)	(2,952)	(17,968)
Total changes from financing cash flows	(2,875)	(141)	(2,952)	(5,968)
Balance as at 31.03.2018	73,768	211	177	74,156

<b>Company</b>	<b>Term loan RM'000</b>	<b>Hire purchase payables RM'000</b>	<b>Advance from certain director RM'000</b>	<b>Total RM'000</b>
Balance as at 01.04.2017	75,486	228	3,129	78,843
<b>Changes from financing cash flows:</b>				
Drawdown of borrowings	12,000	-	-	12,000
Repayment during the year	(14,000)	(71)	(2,952)	(17,023)
Total changes from financing cash flows	(2,000)	(71)	(2,952)	(5,023)
Balance as at 31.03.2018	73,486	157	177	73,820

**38. PRIOR YEAR ADJUSTMENT**

In the previous financial year, the Group had understated the carrying amount of the goodwill due to error in the calculation of goodwill arising from business combination. The adjustment of RM1.552 million has been adjusted in the current financial year so as to reflect the true and fair view of the balances. The effect on the financial statements of the Group are as follows:

<b>31 March 2017</b>	<b>As Previously Reported RM'000</b>	<b>As Restated RM'000</b>
<i>Effect on the statements of financial position:</i>		
Goodwill arising on consolidation	19,714	21,266
Trade and other payables	24,484	26,036

**39. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS**

The financial statements of the Company were authorised for issue by the Board of Directors on 13 July 2018.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 26<sup>th</sup> Annual General Meeting of AVILLION BERHAD (Formerly Known As RELIANCE PACIFIC BERHAD) will be held at the Cameron 3&4, Lobby Level, Avillion Cameron Highlands, C-3 Jalan Camelia, Tanah Rata, 39000 Cameron Highlands, Pahang on Thursday, 30 August 2018 at 11.00 a.m. for the purpose of transacting the following businesses:-

## Agenda

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Directors' and Auditors' Report thereon.	Explanatory Note A
2. To re-elect Tan Sri Dato' Sri Dr Samsudin Bin Hitam who retires pursuant to the Article 98 of the Company's Constitution and being eligible, has offered himself for re-election.	Resolution 1
3. To approve the payment of Directors' fees and Other Emoluments of RM214,500 for the financial year ended 31 March 2018.	Resolution 2
4. To approve the payment of Directors' fees and benefits to Non-Executive Directors up to an amount not exceeding RM275,000 from 1 April 2018 until the next Annual General Meeting.	Resolution 3
5. To appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company and to authorize the Directors to fix their remuneration.	Resolution 4

### As Special Business

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

6. Authority to Allot and Issue Shares pursuant to Section 75 of the Companies Act 2016	Resolution 5
---	--------------

"That pursuant to Section 75 of the Companies Act 2016, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being, subject always to the approvals of all the relevant regulatory authorities."

### As Other Business

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.
--

By Order of the Board

Wong Youn Kim  
(MAICSA No. 7018778)  
Company Secretary  
Kuala Lumpur  
Date: 31 July 2018

## Notice of Annual General Meeting (Cont'd)

### Notes

#### Information for Shareholders/Proxies

1. A member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting.
2. A member may appoint not more than 2 proxies to attend the same meeting.
3. A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend the Meeting shall have the same rights as the member to speak and vote at the Meeting. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy must be signed by the appointor or by his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under hand of an officer or attorney duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
6. The Proxy Form must be deposited at the Registered Office of the Company at Unit 8E, Level 8, Wisma YPR, No. 1, Lorong Kapar, Off Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend and vote at the 26th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 27 August 2018. Only a depositor whose name appears on the Record of Depositors as at 27 August 2018 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

#### Explanatory Notes

##### a) To receive and adopt the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provisions of Section 340(1)(a) of the Companies Act, 2016, does not require a formal approval of the shareholders and hence, is not put forward for voting.

##### b) Payment of Directors' fees and benefits to Non-Executive Directors

Section 230(1) of the Companies Act, 2016 which came into effect on 31 January 2017, provides among others, that the fees of Directors and any benefits payable to Directors shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the payment of Directors' fees and for benefits payable to Non-Executive Directors to be paid monthly in arrears after each month of completed service of the Directors.

##### c) Authority to Allot and Issue Shares pursuant to Section 75 of the Companies Act, 2016

The proposed resolution 5, if passed will give the Directors of the Company authority to issue and allot shares as the Directors in their discretion consider to be in the best interest of the Company, without having to convene a general meeting as it would be both time-consuming and costly to organise a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company did not issue any shares pursuant to Section 75 of the Companies Act, 2016 under the general authority which was approved at the 25th Annual General Meeting held on 28 August 2017 and which will lapse at the conclusion of the 26th Annual General Meeting to be held on 30 August 2018.

The renewal of this general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), acquisitions, working capital and/or settlement of bank facilities.

#### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Director who is seeking re-election and/or continuing in office as Independent Non-Executive Director at the 26th Annual General Meeting of the Company is :-

(a) Tan Sri Dato' Sri Dr Samsudin Bin Hitam (Article 98)

The Profile of the Director seeking for re-election is set out on page 9 of this Annual Report

The details of the Directors' interest in the securities of the Company are stated on page 113 of this Annual Report.

# LIST OF TOP 10 PROPERTIES BY VALUE

## AS AT 31 MARCH 2018

No	Location	Description/ Existing Use	Tenure	Age of Building	Land Area (sq. ft.)	Net Book Value (RM'000)	Revaluation Date/ Date of Acquisition
<b>Avillion Hotel, Port Dickson</b>							
1.	C.T. 5972, Lot 1273, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan	consists of hotel, water villas, water chalets, meeting rooms, spa, F&B outlets and other facilities	Freehold	20 years	15,507 sq ft		
2.	H.S.(D) 12303, 15353 and 18191, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.		Leasehold (99 years expiry -2095)	19 years	480,505	146,709	19.08.2015
3.	C.T. 2977, Lot 312, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan	Car Parks	Freehold		124,431		
<b>Admiral Cove, Port Dickson</b>							
1.	H.S.(D) 13641, 13643 and 19662, 5th Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Admiral Cove Premier Integrated Marina Resort	Leasehold (99 years expiry-2094)	19 years	1,076,064	60,480	22.02.2016
2.	H.S.(D) 18699 PT 3413, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Leasehold (99 years expiry-2096)	-	1,077,272	99,657	18.05.2004
3.	H.S.(D) 18698 PT 3412, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Leasehold (99 years expiry-2096)	-	226,442	4,469	18.05.2004
4.	H.S.(D) 24667 PT 215, 5th Mile, Mukim Pekan, Teluk Kemang, Daerah Port Dickson, Negeri Sembilan	Land for development	Leasehold (99 years expiry-2102)	-	475,349	8,381	06.06.2002
<b>Port Dickson</b>							
1.	Lot 307 Geran 52795 Mukim Si Rusa Daerah Port Dickson Negeri Sembilan	Land for development	Freehold	-	145,657	10,664	02.07.2013
2.	Lot 43 & 44 Geran 76526 & 64282 Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Freehold	-	41,246.64	2,312	23.04.2008
3.	Lot 5823 Geeran 239972 Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development (currently used as event venue)	Freehold	-	40,300	2,314	24.08.2007

**List of Top 10 Properties by Value (Cont'd)****As at 31 March 2018**

No	Location	Description/ Existing Use	Tenure	Age of Building	Land Area (sq. ft.)	Net Book Value (RM'000)	Revaluation Date/ Date of Acquisition
<b>Kuala Lumpur</b>							
1a	Geran Mukim 815, No. Lot 2694, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL	Land for development	Freehold	-	68,028		
1b	Geran Mukim 816, No. Lot 2695, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	-	61,247		
1c.	Geran Mukim 814, No. Lot 2696, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	-	66,736	→ 23,409	31.01.2011
1d	Geran Mukim 817, No. Lot 2697, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	-	65,337		
1e	Geran Mukim 818, No. Lot 2698, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	-	63,938		
<b>Langkawi</b>							
1	H.S.(D) 1/96, P.T. No 703, Mukim Kedawang, District of Langkawi, Kedah	Land for development	Freehold	-	502,244	23,932	27.10.2010

# ANALYSIS OF SHAREHOLDINGS

## AS AT 29 JUNE 2018

Issued Share Capital : RM171,710,350  
 Total Number of Issued Shares : 858,551,750 ordinary shares  
 Class of Shares : Ordinary Shares  
 Voting Rights : one vote per ordinary share held

Size of Shareholdings	No. of Shareholders	No. of Shares held	% of Issued Capital
Less than 100	494	13,164	0.00
100 to 1,000	399	137,914	0.02
1,001 to 10,000	784	4,559,316	0.53
10,001 to 100,000	807	23,635,181	2.75
100,001 to less than 5% of issued shares	114	334,730,472	38.99
5% and above of issued shares	2	495,475,703	57.71
<b>Total</b>	<b>2,600</b>	<b>858,551,750</b>	<b>100.00</b>

### REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
1.	Mazmur Capital Sdn Bhd	248,178,113	28.91	-	-
2.	Ibu Kota Developments Sdn Bhd	247,297,590	28.80	-	-
3.	Daza Holdings Sdn Bhd	-	-	247,297,590*	28.80
4.	Datuk Md Wira Dani Bin Abdul Daim	-	-	247,297,590**	28.80
5.	YAB Toh Puan Mahani Binti Idris	-	-	247,297,590**	28.80
6.	See Ah Sing	-	-	248,178,113***	28.91
7.	Hedy Gan See Tong	-	-	248,178,113***	28.91

\* Deemed interested by virtue of direct interest in Ibu Kota Developments Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

\*\* Deemed interested by virtue of their interest in Daza Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

\*\*\* Deemed interested by virtue of his and his spouse Hedy Gan See Tong's interest in Mazmur Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

### DIRECTOR'S SHAREHOLDINGS

	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of Shares held	% of Issued Capital
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	-	-	-	-
Dato' Faisal Zelman Bin Datuk Abdul Malik	-	-	-	-
Yulina Binti Baharuddin	-	-	-	-
Onn Kien Hoe	-	-	-	-

**Analysis of Shareholdings (Cont'd)**  
**As at 29 June 2018**

**THIRTY (30) LARGEST SHAREHOLDERS**

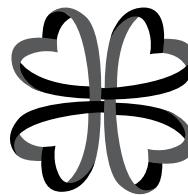
No.	Name of Shareholders	No. of Shares held	% of Issued Capital
1.	Ibu Kota Developments Sdn Bhd	227,276,140	26.47
2.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Mazmur Capital Sdn Bhd (PB)	134,400,263	15.65
3.	Mazmur Capital Sdn Bhd	88,077,850	10.26
4.	HSBC Nominees (Asing) Sdn Bhd - Exempt An For Bank Julius Baer & Co. LTD (Singapore BCH)	42,809,520	4.99
5.	Yayasan Pok Rafeah, Berdaftar	41,649,900	4.85
6.	Dream Cruiser Sdn Bhd	33,850,500	3.94
7.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for EFG Private Bank (Channel Islands) Limited	28,257,187	3.29
8.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Mazmur Capital Sdn Bhd (PBCL-0G0354)	25,700,000	2.99
9.	Gigantic Promotions Sdn Bhd	23,707,125	2.76
10.	Prestige Avenue (M) Sdn Bhd	20,370,670	2.37
11.	Ibu Kota Developments Sdn Bhd	20,021,450	2.33
12.	Gigantic Promotions Sdn Bhd	18,500,000	2.15
13.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - Ambank (M) Berhad for Prestige Avenue (M) Sdn Bhd (SMART)	15,000,000	1.75
14.	Landbelt Corporation Sdn Bhd	13,111,400	1.53
15.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - Ambank (M) Berhad for Chong Yen Yin (SMART)	7,728,000	0.90
16.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Reliance Holdings Sdn Bhd	6,189,500	0.72
17.	M-Ocean Holdings Sdn Bhd	5,147,915	0.60
18.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Reliance Holdings Sdn Bhd	5,063,000	0.59

**Analysis of Shareholdings (Cont'd)**  
As at 29 June 2018

**THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)**

<b>No. Name of Shareholders</b>	<b>No. of Shares held</b>	<b>% of Issued Capital</b>
19. AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – Ambank (M) Berhad For Reliance Holdings Sdn Bhd (A/C1)	5,000,000	0.58
20. Ambank (M) Berhad - Pledged Securities Account for Thong Swe Cheong (SMART)	4,936,750	0.58
21. RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Chong Cheat @ Chan Chong Kiat	4,781,500	0.56
22. Ambank (M) Berhad - Pledged Securities Account For Gan Eng Kwong (SMART)	4,618,300	0.54
23. AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – Ambank (M) Berhad For Chan Chong Cheat @ Chan Chong Kiat (SMART)	4,057,075	0.47
24. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kan Chee Fai	3,525,200	0.41
25. Ambank (M) Berhad - Pledged Securities Account for Chong Swee Choon (SMART)	3,442,250	0.40
26. AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – Ambank (M) Berhad For Yong Yoke Leng (SMART)	3,196,500	0.37
27. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sin Chong (CEB)	2,871,100	0.33
28. Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Gan Eng Kwong (8040B71)	2,668,200	0.31
29. Andron Ung Han Wenn	2,500,000	0.29
30. RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Chong Cheat @ Chan Chong Kiat	1,838,780	0.21
<b>Total</b>	<b>800,296,075</b>	<b>93.21</b>

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**AVILLION BERHAD** (244521-A)  
(Formerly Known As RELIANCE PACIFIC BERHAD)

# PROXY FORM

26<sup>th</sup> Annual General Meeting

CDS Account No. \_\_\_\_\_

No. of Shares Held \_\_\_\_\_

I/We \_\_\_\_\_ NRIC No: \_\_\_\_\_  
(Name in Block Letters)

of \_\_\_\_\_  
(Full Address)

being (a) member (s) of **AVILLION BERHAD (formerly known as RELIANCE PACIFIC BERHAD)**, HEREBY APPOINT:

i) Name of Proxy: \_\_\_\_\_ NRIC No: \_\_\_\_\_

Address: \_\_\_\_\_  
No. of shares Represented: \_\_\_\_\_

ii) Name of Proxy: \_\_\_\_\_ NRIC No: \_\_\_\_\_

Address: \_\_\_\_\_  
No. of shares Represented: \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company to be held at the Cameron 3&4, Lobby Level, Avillion Cameron Highlands, C-3 Jalan Camelia, Tanah Rata, 39000 Cameron Highlands, Pahang on Thursday, 30 August 2018 at 11.00 a.m. and at any adjournment thereof.

Please indicate your voting instructions with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain from voting on the resolution at his/her discretion.

No.	Resolutions	For	Against
1.	To re-elect Tan Sri Dato' Sri Dr Samsudin Bin Hitam who retires pursuant to the Article 98 of the Company's Constitution		
2.	To approve the payment of Directors' fees and Other Emoluments of RM 214,500 for the financial year ended 31 March 2018		
3.	To approve the payment of Directors' fees and benefits to Non-Executive Director up to an amount not exceeding RM275,000 from 1 April 2018 until the next Annual General Meeting		
4.	To appoint Messrs. Baker Tilly Monteiro Heng as Auditors and to authorize the Directors to fix their remuneration		
5.	Authority to allot and issue of shares pursuant to Section 75 of the Companies' Act, 2016		

\_\_\_\_\_  
Signature of Shareholder or Common Seal

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

**NOTES:-**

1. A member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting.
2. A member may appoint not more than 2 proxies to attend the same meeting.
3. A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend the Meeting shall have the same rights as the member to speak and vote at the Meeting. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple, beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy must be signed by the appointor or by his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under hand of an officer or attorney duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
6. The Proxy Form must be deposited at the Registered Office of the Company at Unit 8E, Level 8, Wisma YPR, No. 1, Lorong Kapar, Off Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the 26th Annual General Meeting or any or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend and vote at the 26th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 27 August 2018. Only a depositor whose name appears on the Record of Depositors as at 27 August 2018 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

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AFFIX  
STAMP

**AVILLION BERHAD**  
(Company No. 244521-A)  
**(Formerly Known As RELIANCE PACIFIC BERHAD)**

Unit 8E, Level 8, Wisma YPR  
No. 1, Lorang Kapar, Off Jalan Syed Putra  
58000 Kuala Lumpur, Malaysia

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*1<sup>st</sup> fold here*



**Avillion Berhad Office**

8th Floor, Wisma YPR, Lorong Kapar,  
Off Jalan Syed Putra,  
58000, Kuala Lumpur, Malaysia.