

PROPERTY DEVELOPMENT



PROPERTY INVESTMENT



Annual Report

2014



Forging a Better Future

PLANTATION





## FORGING A **BETTER FUTURE**

---

The cover design is inspired by the theme -- **Forging A Better Future** -- to highlight how the MKH Group is creating a better future for all. Through our business activities in the property development and plantation industries, we are contributing to the development of society. By delivering quality in all our products and services, we are setting a high standard for all.



## CONTENTS

<b>02</b>	Vision, Mission and Corporate Values	<b>53</b>	Directors' Responsibility Statement
<b>04</b>	Corporate Profile - MKH Today	<b>54</b>	Additional Compliance Information
<b>06</b>	Awards & Achievements	<b>57</b>	Financial Statements
<b>08</b>	5 Years Group Financial Highlights	<b>180</b>	List of Properties
<b>12</b>	Corporate Information	<b>185</b>	Analysis of Shareholdings
<b>13</b>	Corporate Structure	<b>187</b>	Directors' Shareholdings
<b>14</b>	Chairman's Statement	<b>188</b>	Analysis of Warrant Holdings
<b>24</b>	Corporate Social Responsibility	<b>190</b>	Directors' Warrant Holdings
<b>32</b>	Directors' Profile	<b>191</b>	Notice of Thirty-Fifth Annual General Meeting
<b>35</b>	Statement on Corporate Governance	<b>196</b>	Statement Accompanying Notice of Thirty-Fifth Annual General Meeting
<b>47</b>	Audit Committee Report	<b>197</b>	Appendix I
<b>49</b>	Statement on Risk Management and Internal Control		

Form of Proxy



# VISION MISSION

**To lead** the market by continually developing and innovating quality products and projects that meet and exceed market expectations.

---

**To be responsive** to market trends and customer needs.

---

**To provide** conducive working environment that will encourage the application of creative energy that is guided by best industry practices.

---

**To be a good** and responsible corporate citizen.

---

**To provide** a sustainable return to shareholders.

# CORE VALUES

At MKH, we take pride in living a set of shared core values. These core values define our culture and business operations, thus helping us to create value for our clients, our people and our organisation.

## **Dynamic**

**We** are energetic, moving ahead looking for new opportunities and delivering innovative products.

## **Reliable**

**We** utilise our experience and financial strength to complete all projects on time or earlier.

## **Friendly**

**We** greet our colleagues, customers and stakeholders in an approachable manner with a smile and be considerate for each other's feeling.

## **Professional**

**We** deal with our stakeholders and customers in an efficient, knowledgeable and responsive manner.

## **Responsive**

**We** listen to requests, understand and if reasonable, execute these requests speedily and efficiently.

## **Stable**

**We** use our property development expertise, our financial resources and our leadership in Kajang to provide a holistic value to all stakeholders and customers.



**MKH Berhad** formerly known as (Metro Kajang Holdings Berhad) is an established and respected property developer listed on the Main Market of Bursa Malaysia. Since 1979, MKH has earned a distinguished reputation in improving quality of life by building good quality homes, while 2008 marked the Group's foray into oil palm plantation.

It is with a great sense of satisfaction and pride that MKH commemorates its 36<sup>th</sup> year anniversary this year. Riding on 3 decades of success, the Group has succeeded in delivering a distinction in Kajang, making it one of the fastest growing townships in Malaysia.

# Corporate Profile



*Property Development*



*Oil Palm Plantation in East Kalimantan*



*Metro Point Complex*

Hailing from the fast-growing township of Kajang, the Group has ventured into thriving urban circles such as Damansara, Bangsar, Shah Alam, Petaling Jaya and other parts of Greater Kuala Lumpur. MKH transformed into a metropolitan developer offering a mix of premium residential and commercial properties to affordable dwellings focusing on innovative concepts and quality living.

Little did the Group know that it has contributed to the nation by improving the quality of life through proper planning of integrated townships, quality developments, innovative technologies and well-designed communities for people to call home. To date, MKH has developed and undertaken more than 30,000 units of mixed development projects with a value exceeding RM12.0 billion.

In the quest for sustainable growth, MKH has diversified its business into oil palm plantation in Kalimantan, Indonesia. While property development and oil palm plantation are MKH's core businesses, the Group is also involved in property investment, property management, construction, trading and furniture manufacturing to provide maximum synergy and cost efficiency.

MKH has never lost sight on the importance of giving back to the society. In doing so, the Group looks beyond its industry and ad-hoc CSR activities to a holistic approach by engaging stakeholders in education, environment and social issues for long-term sustainability.

# Awards & Achievements

## COMPANY

### THE EDGE MALAYSIA *Top Property Developers Awards 2014*

The Edge Malaysia  
Top Property Developers Awards 2013 & 2014  
(Top 30 Best Property Developers in Malaysia)



Best Company for  
Investor Relations 2014



Best Companies to Work  
for in Asia 2013 & 2014



# Awards & Achievements

## PROJECTS



**THE EDGE**  
MALAYSIA

**Affordable Urban Housing  
Excellence Award 2014**

**The Edge Malaysia Affordable Urban Housing  
Excellence Award 2014**

Pelangi Semenyih 2, Semenyih

### Asia Pacific Property Awards (APPA)



*Saville @ the Park, Bangsar*



*Kajang 2, Kajang*



*MKH World, Serdang*



*Hillpark @ Shah Alam North*



*Kajang East, Semenyih*



*MKH Boulevard, Kajang*

#### APPA for Architecture Single Residence

Kajang 2, Kajang

Kajang East, Semenyih

#### APPA for High Rise Residential

Saville @ the Park, Bangsar

#### APPA for Office Architecture

MKH World, Serdang

#### APPA for Commercial High-Rise

MKH Boulevard, Kajang

#### APPA for Office Development

MKH World, Serdang

#### APPA for Development Marketing

Hillpark @ Shah Alam North



## 5 Years Group Financial Highlights

	2014 RM'000	2013 RM'000	* 2012 RM'000	* 2011 RM'000	2010 RM'000
<b>INCOME STATEMENT</b>					
Revenue	<b>806,522</b>	688,219	555,925	342,016	289,217
Profit Before Taxation	<b>162,560</b>	134,453	100,087	47,190	41,883
Profit After Taxation	<b>119,622</b>	107,148	75,454	38,768	31,932
Profit Attributable to Shareholders of the Company	<b>104,684</b>	103,970	77,410	39,095	31,575
<b>BALANCE SHEET</b>					
Issued and Paid up Capital	<b>419,394</b>	349,253	291,044	264,585	240,532
Shareholders' Equity	<b>1,034,505</b>	953,332	797,582	753,532	689,805
<b>RATIOS</b>					
Dividend per share (sen)	<b>** 8</b>	10	5	5	5
@ ^ Net Earnings per share (sen)	<b>24.97</b>	25.33	19.95	10.08	8.14
^ Net Assets per share (RM)	<b>2.47</b>	2.27	2.06	1.94	1.78
Debt/Equity ratio (%)	<b>59</b>	55	63	50	34
Return on Shareholders' Equity (%)	<b>10</b>	11	10	5	5

\* Represents continuing operations and discontinued operations of the Group.

\*\* Single tier dividend.

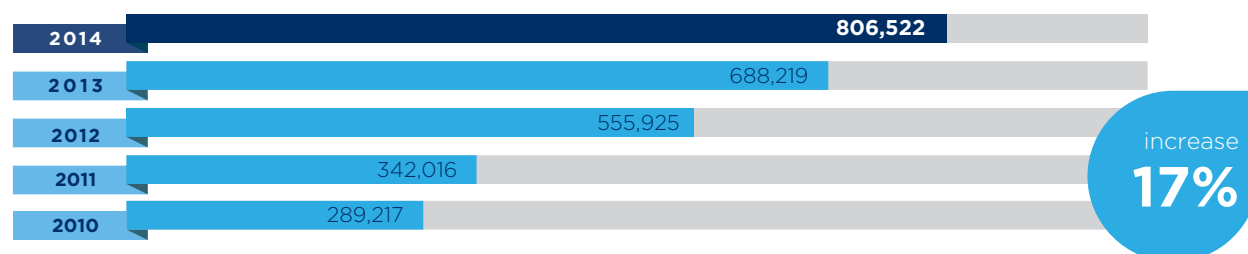
@ Attributable to the equity holders of the Company.

^ The preceding years' net earnings per share and net assets per share have been restated to effect the Bonus Issues made in current year and previous years.

# 5 Years Group Financial Highlights

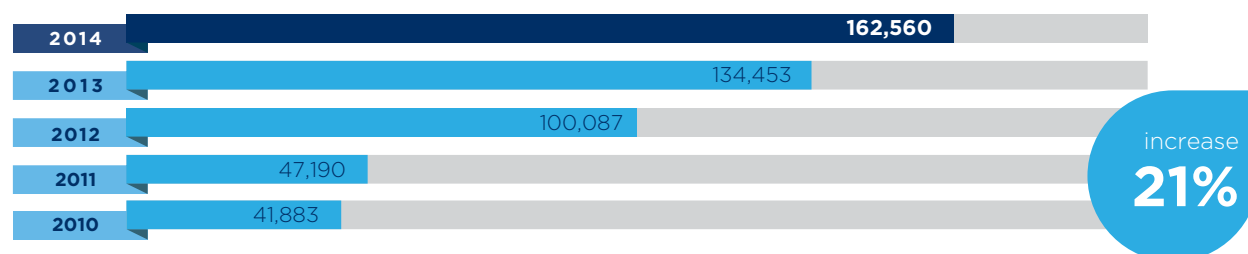
## REVENUE

(RM'000)



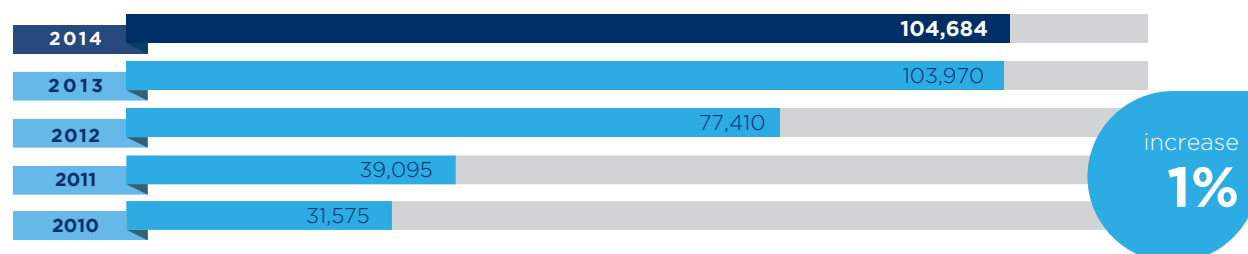
## PROFIT BEFORE TAXATION

(RM'000)



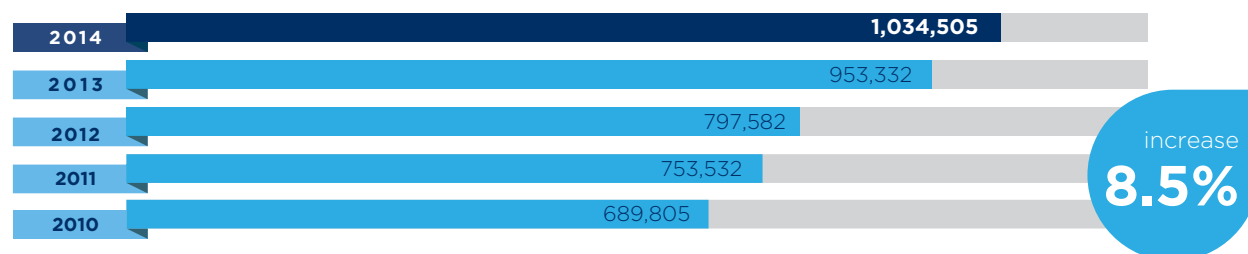
## PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(RM'000)



## SHAREHOLDERS' EQUITY

(RM'000)





# Crafting Unique **Communities**

Our employees are committed to creating wonderful communities where families and businesses can thrive.



# Corporate Information

## BOARD OF DIRECTORS

**Y. Bhg. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong**  
*Executive Chairman*

**Y. Bhg. Tan Sri Datuk Chen Lok Loi**  
*Managing Director*

**Chen Fook Wah**  
*Deputy Managing Director*

**Mah Swee Buoy**  
*Executive Director*

**Datuk Mohammad Bin Maidon**  
*Independent Non-Executive Director*

**Mohammed Chudi Bin Haji Ghazali**  
*Senior Independent Non-Executive Director*

**Haji Mohamed Bin Ismail**  
*Independent Non-Executive Director*

**Jeffrey Bin Bosra**  
*Independent Non-Executive Director*

**Haji Hasan Aziz Bin Mohd Johan**  
*Independent Non-Executive Director*

## AUDIT COMMITTEE

*Chairman*

**Jeffrey Bin Bosra**

*Members*

**Mohammed Chudi Bin Haji Ghazali**  
**Haji Mohamed Bin Ismail**

## NOMINATION COMMITTEE

*Chairman*

**Mohammed Chudi Bin Haji Ghazali**

*Members*

**Haji Mohamed Bin Ismail**

## REMUNERATION COMMITTEE

*Chairman*

**Haji Mohamed Bin Ismail**

*Members*

**Jeffrey Bin Bosra**  
**Mah Swee Buoy**

## CHIEF OPERATING OFFICER

**Mah Swee Buoy**

## GROUP COMPANY SECRETARY

**Tan Wan San** (MIA 10195)

## EXTERNAL AUDITORS

**Baker Tilly AC** (AF 001826)  
Baker Tilly MH Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur  
Tel No : (603) 2297 1000  
Fax No : (603) 2282 9980

## INTERNAL AUDITORS

**KPMG Management & Risk Consulting Sdn Bhd**  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel No : (603) 7721 3388  
Fax No : (603) 7721 3399

## PANEL SOLICITORS

HY Lee & Co.  
Khaled Mutang Chan & Lim  
Ling & Theng Book  
Markiman & Associates  
Michael Chen & Co.  
Steven Tai, Wong & Partners

## PRINCIPAL BANKERS

Affin Bank Berhad  
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd  
AmBank (M) Berhad  
AmlIslamic Bank Berhad  
Hong Leong Bank Berhad  
Hong Leong Islamic Bank Berhad  
Industrial and Commercial Bank of China (Malaysia) Berhad  
Malayan Banking Berhad  
Maybank Islamic Berhad  
OCBC Al-Amin Bank Berhad  
OCBC Bank (Malaysia) Berhad  
RHB Bank Berhad  
RHB Bank (L) Ltd  
RHB Investment Bank Berhad  
RHB Islamic Bank Berhad  
United Overseas Bank (Malaysia) Berhad

## REGISTRAR

**Tricor Investor Services Sdn Bhd**  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel No: (603) 2264 3883  
Fax No : (603) 2282 1886

## REGISTERED OFFICE

Suite 1, 5th Floor  
Wisma MKH, Jalan Semenyih  
43000 Kajang  
Selangor Darul Ehsan  
Tel No : (603) 8737 8228  
Fax No : (603) 8736 5436

## STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia Securities Berhad**  
Stock Code : MKH  
Stock No : 6114  
Warrant Code : MKH-WB  
Warrant No : 6114WB

## CORPORATE WEBSITE

[www.mkhberhad.com](http://www.mkhberhad.com)

# Corporate Structure



## PROPERTY AND CONSTRUCTION DIVISION

85%	Achieve Acres S/B
100%	Aliran Perkasa S/B
100%	Budi Bidara S/B
100%	Danau Saujana S/B
100%	Dapat Jaya Builder S/B
45%	Rimbunan Melati S/B
100%	Everland Asia Development S/B
100%	Gabung Wajib S/B
65%	Alif Mesra S/B
60%	Amona Metro Development S/B
100%	Gerak Teguh S/B
100%	GK Resort Berhad
70%	PNSB-GK Resort S/B
100%	Intelek Kekal (M) S/B
100%	Intra Tegas (M) S/B
100%	Kajang Resources Corporation S/B
100%	Kumpulan Indah Bersatu S/B
100%	Palga S/B
100%	Hiliran Juara S/B
100%	Metro K.L. City S/B
100%	Metro Kajang Construction S/B
100%	Metro Kajang Development S/B
100%	Pelangi Binaraya S/B
100%	Pelangi Semenyih S/B
100%	Pelangi Seri Alam Development S/B
100%	Puncak Alam Resources S/B
100%	Perkasa Bernas (M) S/B
100%	Petik Mekar S/B
100%	Serba Sentosa S/B
100%	Serentak Maju Corporation S/B
99.99%	Srijang Kemajuan S/B
100%	Stand Allied Corporation S/B
100%	Sumber Lengkap S/B
100%	Suria Villa S/B
55%	Vista Haruman Development S/B

## NON-PROPERTIES DIVISION

100%	Detik Merdu S/B
95%	PT Khaleda Agroprima Malindo
100%	PT Nusantara Makmur Jaya
100%	Global Retreat (MM2H) S/B
100%	Intelek Murni (M) Berhad
100%	Metro Kajang (Oversea) S/B
100%	Vast Furniture Manufacturing (Kunshan) Co. Ltd.
100%	Metro Nusantara S/B
100%	Metro Tiara (M) S/B
20%	Rafflesia School (Kajang) S/B
100%	MKH Building Materials S/B (f.k.a. Metro Kajang Trading S/B)
100%	MKH Credit Corporation S/B
100%	MKH Food S/B (f.k.a. Vast Marketing & Services S/B)
100%	MKH Management S/B
100%	MKH Resources S/B
100%	Srijang Indah S/B
100%	Laju Jaya S/B
100%	Maha Usaha S/B

# Chairman's Statement

## DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of MKH Berhad ("MKH or Group"), it gives me great pleasure to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 30 September 2014 ("FY2014").



**The year 2014 saw a number of significant milestones for MKH Berhad as the Group celebrated its 35 years of delivering quality homes to homeowners.**

We, not only crossed the billion-ringgit market capitalisation mark, but also achieved an unprecedented high unbilled sales of RM823 million and impressive 149% growth in plantation pre-tax profit compared to a year ago.

*HillPark 3, Semenyih*

# Chairman's Statement

*Saville @ D'Lake Puchong*



Landbank Steadily  
Increase to GDV of  
**RM10b**

## MARKET ENVIRONMENT

The Malaysian economy achieved moderated Gross Domestic Products (GDP) of 5.6 percent in the third quarter of 2014, decelerating from a bullish 6.5 percent growth reported in the first half of the year, as all sectors of the economy rose at a slower pace. The lacklustre performance of developed economies continues to put a pressure on growth prospect of the emerging market economies, including Malaysia.

The year 2014 was challenging for the property market because of the imposition of cooling measures and more stringent bank lending policies among other factors. However, properties with a good concept, in a good locale especially near the upcoming mega infrastructures, namely Mass Rapid Transit ("MRT") and Light Rail Transit ("LRT") and reasonable price points generally fared well. The year recorded a lower transaction volume but saw stable demand across the board especially for the affordable housing segment.

Despite the bright outlook for Southeast Asia biggest economy, the Indonesian rupiah exchange rate has depreciated to its lowest level since August 1998. This weak performance is caused by bullish momentum of the US dollar amidst the improving US economy in combination with local year-end US dollar demand for debt repayments. The low crude oil prices in the second half of the year has also diminished the appeal of biodiesel which consists of 7% palm oil and 93% petroleum diesel. As a result crude palm oil ("CPO") prices has fallen in tandem with crude oil prices, but still averaging above RM2,200 per tonne.

## OPERATIONAL REVIEWS

MKH showed resilience, delivering a good set of results despite operating within a challenging market environment. For the full financial year ("FY") ended 30 September 2014, the Group's achieved double-digit growth with 17.2% jump in revenue to RM806.5 million from RM688.2 million a year ago. Consequently, the Group's pre-tax profit ("PBT") rose 20.9% to RM162.6 million compared to RM134.5 million in the previous year mainly underpinned by robust profit in oil palm plantation division and higher gain in fair value from investment properties. Likewise, the Group's profit after tax ("PAT") rose to RM119.6 million, representing 11.7% increase year-on-year ("y-o-y"), while net profit attributable to shareholders excluding minority interest ("PATMI") increased 0.7% to RM104.7 million.

# Chairman's Statement



*Expecting 360,000 MT of FFB in 2015*

## PROPERTY & CONSTRUCTION DIVISION

Despite the challenges posed by imposition of cooling measures and more stringent bank policies, Property & Construction division being our main core, recorded an increase of 12.5% in revenue to RM536.9 million from RM477.1 million a year ago. This is evident from its record-breaking new property sales of RM819.5 million, a marked improvement of 41% from RM580.8 million recorded in the previous year. Consequently, MKH's unbilled sales reached a new record high of RM823.0 million, representing 64% growth from RM503.2 million in the preceding year.

Flexibility in our product mix from commercial properties to premium homes with greater focus on affordable housing in strategic location namely MKH Avenue I, Hillpark @ Shah Alam North, Saville @ Kajang and Pelangi Heights have proven to be successful strategy adopted by the Group.

Against the increase in revenue, the Group however achieved a lower PBT of RM86.5 million compared to RM143.8 million a year ago. The lower PBT is mainly due to the absence of bargain purchase gain on acquisition of subsidiaries, higher interest expense and lower share of profit of an associate following the completion of Areca Residence compared to a year ago. Slower profit recognition for new launches at the preliminary development stage also contributed to the lower PBT.

However, the rising and unprecedented high unbilled sales of RM823.0 million underpins long-term earnings visibility for the Group from which attributed sales revenue and profits will be progressively recognised as developments move towards completion.

## PLANTATION DIVISION

The Oil Palm Plantation is another key growth driver to the Group. While, CPO prices have declined last year, the segment contributed substantially to the Group with its new high-record PBT of RM22.2 million, a 149% surge from RM44.9 million loss before tax in the preceding year. Adjusting the unrealised forex losses, PBT surged 757% to RM40.3 million from RM4.7 million a year ago. The turnaround from loss to profit for FY2014 was attributed to higher revenue and gross profit coupled with lower unrealised forex losses of RM18.1 million compared to RM49.6 million in the preceding year.

Revenue from the sale of CPO and palm kernel increased by 63% to RM164.8 million from RM101.1 million a year ago, buoyed by increasing fresh fruit bunches ("FFB") yield of 295,000 metric tonnes ("MT") which surpassed its yearly target of 270,000 MT. FFB yield improved by 31.3% to 21MT/ hectare from mature and immature trees, while oil extraction rate ("OER") efficiency improved to 22% in FY2014. Meanwhile, the Group has also recently upgraded its CPO mill to 90MT/hour to cater to its fast growing FFB volume.

# Chairman's Statement



Nature Inspired  
Development with

## 50 Acres

Forest Park

*Hillpark @ Shah Alam North, Shah Alam*

### HOTEL & PROPERTY INVESTMENT

This division recorded higher revenue of RM34.4 million and PBT of RM35.9 million for the current year, each representing a growth of 9.9% and 115.0% respectively compared to a year ago. The increase in PBT for FY2014 was attributed to higher gain on changes in fair value of investment properties amounting to RM22.2 million compared to only RM3.8 million a year ago.

The Group's asset encompasses two shopping malls, namely Plaza Metro Kajang and MetroPoint Complex, a 3-star hotel, office blocks, four parcels of commercial land leased to leading hypermarkets and fast-food restaurants, stratified offices, shop lots and car park bays including the latest addition of Rafflesia International school, all located within the prime areas of Kajang-Semenyih and Kuala Lumpur. The Hotel & Property Investment division will continue to provide stable recurring income for the Group.



*Community landscape at Hillpark @ Shah Alam North*

### TRADING

This division, which is mainly involved in the trading of building material and fixture for the Group's property development project, registered lower revenue and PBT of RM57.1 million and RM3.8 million respectively compared to RM67.1 million and RM4.5 million in the preceding year. The decline in variance was mainly due to lower building material sales to external subcontractors for the Group's development projects that were still at preliminary stage of development.

### MANUFACTURING

For the financial year under review, the furniture manufacturing subsidiary company in China, Vast Furniture Manufacturing (Kunshan) Co. Ltd. recorded higher revenue and PBT of RM12.1 million and RM1.0 million for FY2014 compared to RM9.5 million and RM20,000 respectively.

# Chairman's Statement



*MKH Avenue II, Kajang*

## DELIVERING SHAREHOLDERS' VALUE

The Group has been consistently creating value and delivering returns to its shareholders since its listing in 1995. The Board of Directors has declared an interim single-tier dividend of 8.0 sen per ordinary share for FY2014, amounting to RM33.6 million of cash dividends paid on 11 November 2014.

## SIGNIFICANT CORPORATE DEVELOPMENT

The Group successfully issued 69.898 million new ordinary shares of RM1.00 each on the basis of 1 bonus share for every 5 existing shares held by shareholders on 20 May 2014. Consequently to the Bonus issue, 5,772,221 additional Warrants were issued pursuant to the adjustments made to fulfil the Deed Poll's provision. Save for the proportionate reduction in earnings per share, the Bonus issue did not have a material effect on the quantum of dividend per share to be paid by the Group for the financial year ended 30 September 2014.

Following the Bonus issue exercise, MKH's paid-up capital increased from RM349.3 million to RM419.4 comprising 419.4 million shares of RM1 each. This corporate exercise has boosted liquidity and marketability of MKH shares while we took this opportunity to reward our shareholders.

## ACCOLADES

The growing string of accolades in 2014 is a testament of MKH's strength and recognition from one's peers. This reaffirms our employees' commitment in delivering long-term shareholder value.

- **The Best Company in Investor Relations 2014**

MKH was recognised for its exemplary best IR practices and management among the public-listed companies at the Malaysian Investor Relations Association ("MIRA") 2014. Being forethought and willing to open ourselves to scrutiny also stand us in good stead with the investing public and institutions.

- **The Edge Malaysia Affordable Urban Housing Excellence Award 2014**

We feel privileged to have played a meaningful part in fulfilling the nation's dream of affordable housing, while offering a mix of premium residential to commercial properties. Pelangi Semenyih 2, a well-designed community is a testament to our commitment in delivering affordable homes without compromising on the quality, design, innovation, accessibility, liveability and communication interaction.

# Chairman's Statement

*Pelangi Heights clubhouse, Pajam*

- **The Edge Top Property Developers Awards ("TPDA") 2014**

MKH was once again recognised as one of Malaysia's 30 best property developers; bumping our ranking up a few notches in the market.

- **The Best Companies to Work for in Asia 2014**

We are humbled to be recognised for this award in two consecutive years through the HR Asia survey 2014. At MKH, we work very hard to continuously provide a conducive environment where our employees can grow into business leaders. The goal of the Company is to continue to grow and create opportunities for individuals in the future.

- **Asia Pacific Property Awards ("APPA") 2014**

Four of our new projects were honoured the Highly Commended awards for its architecture, design and marketing development. The award winning projects include Kajang East - Architecture Single Residence Malaysia, MKH Boulevard - Commercial High-Rise Architecture Malaysia, MKH World - Office Architecture Malaysia and Office Development Malaysia, and Hillpark @ Shah Alam, North - Development Marketing Malaysia.

## **CORPORATE RESPONSIBILITY & SUSTAINABILITY INITIATIVES**

The Group has never lost sight on the importance of giving back to the society. Not only has MKH fulfilled the nation's dream by delivering affordable homes for the *rakyat*, the Group looks beyond its industry and adopts a more holistic approach of corporate social responsibility ("CSR"). We remain committed by engaging stakeholders in education,



*Kajang East, Semenyih*

healthy living, community, social issue, environment and marketplace. These include building a well-planned community stalls ("gerai") at Puncak Alam and constructing a new skybridge at Kajang 2. Other meaningful CSR activities include sharing our expertise in affordable housing scheme with Tanzanian government delegates, sponsoring 'MKH-Seremban International 12-Hour Walk 2014', 'RSGC Junior Amateur Open Golf Championship 2014', 'Kayuhan Amal Titipan Kasih Jantung Hatiku', The Edge KL Rat Race 2014, organising 'The Godfather of Property Forum Series', and participating in the Plasma programme apart from complying towards sustainable oil palm policy.

# Chairman's Statement



*CPO Mill has been upgraded to 90MT/hour*



*Expecting 360,000 metric tonnes of FFB in 2015*

## FUTURE PROSPECTS

As we ended 2014 and brace ourselves for another tough year in 2015, we are cognisant of the potential challenges ahead of us. These challenges include the current slide in crude oil prices, weakening ringgit, higher inflation, government-imposed cooling measures on property, tighter lending policies and impending GST implementation in April this year. Homebuyers are more cautious and adopt a wait-and-see stance pursuant to these challenges nearer to the GST implementation. Along with the uncertain global economy, we believe there are still opportunities throughout the year since domestic demand remains strong. The progress of mega national transport infrastructure projects; MRT, LRT and the growing population of young homebuyers will be the key drivers in the affordable and mid-market segments.

This year, we will continue to leverage on our proven expertise in delivering affordable housing to homebuyers without compromising on quality, concept, connectivity and amenities as evident in our award-winning Pelangi Semenyih 2. About 90% of our launches in FY2015 are mainly landed and high-rise residential homes price starting from RM380,000-RM700,000, all located within our strong foothold of Kajang-Semenyih and Greater Kuala Lumpur; Cheras, Puchong and Shah Alam. Property launch line-up this year include Pelangi Semenyih 2, Kajang East, Hillpark 3, Hillpark @ Shah Alam North, Saville @ D'Lake Puchong, Pelangi Heights and MKH Avenue II which are all within matured townships with ready infrastructure and amenities. The much anticipated service apartment, Saville @ Cheras, is strategically located adjacent to upcoming MRT station.

# Chairman's Statement

Our Plantation division is another key growth factor. The CPO price expected to raise slightly in 2015 due to limited production growth in Indonesia and Malaysia. The Indonesian's CPO exports are expected to accelerate with the introduction of zero export tariffs in September 2014. This will further boost global demand and CPO prices. Indonesia's production of CPO is estimated to reach 31 million tonnes this year, up from an expected 29.5 million tonnes in 2014, according to the Indonesian Palm Oil Board (DMSI).

We expect FFB volume to grow by 30% to 360,000 metric tonnes ("MT") or 23MT/hectare this year as more of our planted trees aged 4-7 years are maturing for harvest. Hence, our Plantation division will grow significantly thereby contributing 25% to Group's total revenue. Exponential FFB growth from the favourable age profile of palm trees will more than offset the volatility of the CPO prices. We have started exporting CPO in USD since the tax-free exports announcement in Indonesia late last year. To cater to our fast growing FFB volume, our CPO mill has also been upgraded to 90MT/hour from 60MT/hour.

What sets us apart from others are the locality of our property developments near the upcoming MRT and LRT stations, coupled with young profile of our palm trees. Property and Plantation will be the twin boosters to support the Group's future earnings and growth momentum. With the latest joint ventures for high rise developments in Mont Kiara, Puchong, Cheras and Kajang town, our land bank has steadily increased to a gross development value (GDV) of RM10.0 billion which will keep us busy for the next 10 years. At least 7 of our

current and future projects are located near the mega infrastructure. While, we are actively identifying suitable lands in Indonesia to increase our current 15,900 hectares of oil palm plantation through various means, we are also mindful of the suitability, quality and alienation of the land. The newly elected Government in Indonesia last October is also seen as an economic booster for the Indonesian economy as it is expected to implement sweeping reforms to overhaul the republic's lethargic economy.

## ACKNOWLEDGEMENT

As the Group embarks on another year, the Board of Directors of MKH wishes to thank our shareholders, valued customers, regulatory authorities, media, business associates and bankers for their ongoing support. My heartfelt appreciation goes to Management and 3,800 employees for their unwavering commitment and teamwork towards the Group's success.

In closing, I would like to thank fellow Board members for their invaluable expertise to the Group. As we forge ahead, I am confident that MKH will continue to accomplish its objectives of generating strategic growth while maximising shareholders' value in the coming years.

**Tan Sri Dato' Alex Chen Kooi Chiew**  
*Executive Chairman*



MKH property carnival 2014 -  
"MKH Treasures You"





# Sustaining **Superior Quality**

Our experts ensure that our oil palm harvests are  
second to none in terms of quality.



# Corporate Social Responsibility



Besides delivering sustainable growth and value for the shareholders, **MKH Berhad** (“**MKH**” or “**the Group**”) remains committed on corporate social responsibility practices mainly in the areas of workplace, community, education, social issue, environment and marketplace. Cognisant of this, we continue to uphold our commitment to conduct business fairly, impartially and in compliance with all laws and regulations of the community and environment we operate in and this is guided by the Malaysian Code on Corporate Governance 2012.

# Corporate Social Responsibility

## THE WORKPLACE

MKH was voted as one of the 'Best Companies to Work for in Asia 2014' for two consecutive years via the HR Asia Survey, and it is truly an honour to be recognised among so many others. We engage in a supportive work culture and environment; providing attractive advancements at all levels and offering competitive performance-based rewards for all employees.

At MKH, we firmly believe employees are our greatest asset and one of the crucial contributors to the Group's success. As part of the focus on succession planning and talent management, the Group organised various leadership coaching programmes with an aim to identify, retain and develop successors for critical positions. This leadership coaching programme provides key talents with the opportunity to grow and perform at their highest potential through guidance given by senior management team. In our efforts to increase employee engagement at all levels, an 'Employee Suggestion' system is in place to allow all employees a chance to share their voice from welfare to various aspects in improving the working environment, thus unleashing the organisation's potential for rapid growth.

Many team building events such as family day, outdoor trips and sports are organised regularly to enhance team performance and strengthen camaraderie of the employees. As healthy minds and bodies create a positive environment at work place, MKH brings fitness into the office by providing a well-equipped gym facility and other interesting fun fitness classes ranging from Zumba, Aerobics, Yoga and soon to come Kickboxing. The Group also adopted the 'Malaysian Standard on Occupational Safety and Health Management System' to ensure that all employees and support workers are working in a safe and healthy environment.

In addition, MKH employees volunteered time for a good cause including yearly blood donation and visiting old folks' home, just to name a few.



*MKH employees enjoying Zumba dance*



*MKH Family Day @ Club Med, Cherating*

# Corporate Social Responsibility

## (A) EDUCATION AND INDIVIDUAL DEVELOPMENT

MKH strongly believes that education is the key to creating a sustainable future for all. The 'Chin Mooi Education Foundation' was set up to provide financial support and scholarship for needy students from primary to secondary school and colleges. Besides, MKH has been participating and supporting various educational activities organised by New Era College, UKM, UM, UPM, UTAR and other schools including Yu Hua school in Kajang.

In support of United Nation's Millennium Development Goals of basic education for all children towards the development of the future generation, MKH has built schools at its estate in Samarinda, Indonesia since 2008. The objective is to provide basic primary education to the underprivileged children and children of plantation workers within and neighbouring its plantation. In this manner, MKH can do its part to ensure that underprivileged children in such remote areas in Kalimantan, Indonesia have opportunities to turn their lives around for the better. Apart from the classrooms and teachers' rooms, the schools are equipped with canteens, playgrounds and other amenities as well.

In respect of individual developments, internship programmes and graduate placement programmes are available for graduate to take up employment in MKH.

## (B) COMMUNITY ACTIVITIES

MKH works successfully with various non-profit organisations ("NGOs") to make a difference; be it small or big. The Group established long-term relationships with Malaysian Crime Prevention Foundation ("MCPF") for safer community, Eastern Regional Organisation for Planning and Human Settlements ("EAROPH") for sustainable human settlements and Race Walkers' Association of Malaysia ("RWAM") for healthy living.

In collaboration with Majlis Daerah Kuala Selangor ("MDKS"), MKH has built community stalls ("gerai") at Hillpark @ Shah Alam North for the benefit of the public. The Group also contributed to the construction of a new skybridge at Kajang 2 to ease the traffic congestion in Kajang town.

To ensure long-term sustainability, clinic, mosques, church, community hall, playground, badminton court, football field as well as an ATM machine were built to improve lives of the communities at the plantation estate in Kota Samarinda.

Other meaningful community programmes include sharing its expertise in affordable housing scheme with the Tanzanian government delegates and sharing the insights of Malaysia's future property market, plus the Group's expertise in building quality homes with REHDA Youth through 'The Godfather of Property Forum Series'.



*MKH built schools for children at the plantation estate*

# Corporate Social Responsibility



*Tan Sri Alex giving away grocery products to plantation workers*



*MKH handing over keys to MDKS and stall owner*



*MoU signing to construct a new skybridge at Kajang 2*



*Sharing affordable housing scheme with Tanzanian delegates*

## (C) HEALTHY LIVING

MKH strongly promotes sporting events to community at large as evident in its years of sponsoring the International 12-Hour Walk with Race Walker's Association of Malaysia ("RWAM"). The recent yearly international event 'MKH-Seremban International 12-Hour Walk 2014' not only attracted Malaysian walkers, but also foreign walkers from as far as USA, Australia, France, Hong Kong, Hungary, India among others. In addition to this, the Group further supported 'The Edge Kuala Lumpur Rat Race 2014'.

The Group believes in sports development among youth as seen in its continuous years of support for the 'RSGC Junior Amateur Open Golf Championship' and 'Impian Golf & Country Club's Annual Championship 2014'.



*Jogathon in Kajang by Yu Hua school*

# Corporate Social Responsibility

MKH-Seremban 12-Hour Walk



## (D) THE ENVIRONMENT

The Group recognises the importance of environmental conservation, and has adopted the environmentally friendly policy as follows:

- (a) Installing slit traps and washing thoroughly at every construction site to reduce dust and river pollution
- (b) Disposing waste and construction debris at approved dumpsites only
- (c) Practicing bore-pile to reduce noise pollution during substructure and piling works within Kajang Town
- (d) Developing a new township with 50 acres of forest park in Hillpark @ Shah Alam North, Puncak Alam
- (e) Adhering to the “zero-burning” policy and utilising environmentally friendly techniques during land clearing for oil palm cultivation
- (f) Installing oil traps at palm oil mill proper interim storage of effluents emitted from palm oil mills to avoid river pollution

- (g) Treating and applying Palm Oil Mill Effluent (“POME”) as natural fertiliser

As part of our POME waste management programme, POME is treated in anaerobic ponds; which is then applied to the soil as natural fertiliser.

## (E) THE MARKETPLACE

MKH is committed to continuously enhance value for its shareholders and this is reflected by the Group’s uninterrupted profit track record since 1979. It is our aim to provide high quality products and services to our customers, business partners and associates. To realise that goal, the Group has built good relationships with building material suppliers, subcontractors, customers, tenants and local communities.

Moreover, our commitment towards quality products used in our projects is guided by the Quality Assessment System in Construction (“QLASSIC”), which is founded by the CIDB (“Construction Industry Development Board”) Malaysia. The Group’s construction division has also obtained the ISO 9001:2000.



## (F) PLASMA PROGRAMME

MKH actively participates in the Plasma Programme, which was initiated pursuant to the Indonesian government's policy of encouraging partnerships between plantation companies and their respective surrounding communities. In developing the programme, the Group applies the same standards as that of MKH estates. Plasma for Desa Sedulang area planted is 1,350 hectares or 90% out of total plantable land of 1,500 hectares. As for Plasma Puan Cepak, 406 hectares has been fully planted for the financial year ended 2014.

The Plasma Programme is mutually beneficial to both members of the local communities and plantation companies. Locals who participate in the Plasma Programme benefit socially and economically from increasing incomes and better welfare such as training and education in oil palm cultivation. Plantation companies are able to enjoy a steady supply of FFB at prices set by a price committee established by the District Regional Government.

*Supporting the Plasma programme*



# Investing In **Exceptional Assets**

We take great care in analysing assets before we invest our resources in them. Our highly systematic and professional approach enables us to minimize risk while optimizing returns.



# Directors' Profile

---

**Tan Sri Dato' Chen Kooi Chiew  
@ Cheng Ngi Chong**  
*Executive Chairman*

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, aged 71, a Malaysian, was appointed to the Board on 27 September 1979 and holding the present position as Executive Chairman since 30 October 2006. He is also a member of the Executive Committee. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong is also the Chairman of Hulu Langat Chinese Industry & Commerce Association in Kajang and a member of the Yu Hua School Board. He has been involved in business for about 54 years of which 36 years were in property development and construction industries and 22 years were in plantation sector.

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong is the recipient of the award of "The Property Man of 2013" by FIABCI Malaysia, for his contribution to the property industry. He is the brother of Tan Sri Datuk Chen Lok Loi and Mr. Chen Fook Wah. He has no conflict of interest with the Company.

---

**Tan Sri Datuk Chen Lok Loi**  
*Managing Director*

Tan Sri Datuk Chen Lok Loi, aged 62, a Malaysian, holds a Bachelor of Business Studies (Marketing) from Monash University, Australia. He was appointed to the Board on 31 July 1984 and holding the present position as Managing Director since 19 January 2005. He is also a member of the Executive Committee. Tan Sri Datuk Chen Lok Loi is the recipient of the "REHDA Personality Award 2013". He has more than 33 years of experience in property development and construction related businesses.

Tan Sri Datuk Chen Lok Loi is a Patron, Past President of Real Estate and Housing Developers' Association (REHDA) of Malaysia and Chairman of the Board of Trustees of the REHDA Institute and sits on various government-private sector committees that formulate policies governing the housing and real estate industry.

Tan Sri Datuk Chen Lok Loi is the President of the Malaysian Association of Shopping Mall and the President of the Building Management Association of Malaysia, Deputy Chairman for Construction and Property Committee in the Association Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and served as the honorary treasurer of the Malaysia Crime Prevention Foundation (MCPF). He is also the President of the Race Walkers' Association of Malaysia (RWAM).

Tan Sri Datuk Chen Lok Loi is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Mr. Chen Fook Wah. He has no conflict of interest with the Company.

# Directors' Profile

---

**Mr. Chen Fook Wah**  
*Deputy Managing Director*

Mr. Chen Fook Wah, aged 58, a Malaysian, holds a Master of Business Administration from University of Wales. He was appointed to the Board on 25 November 1999 and holding the present position as Deputy Managing Director since 19 January 2005. He is currently a member of the Executive Committee. He was admitted to the Board of Valuers and Real Estate Agent of Malaysia in 1986. Prior to joining the Group, he was with Guthrie Trading Sdn Bhd from 1973 to 1974 and Hilton Realty from 1975 to 1978. He is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ng Chong and Tan Sri Datuk Chen Lok Loi. He has no conflict of interest with the Company.

---

**Ms. Mah Swee Buoy**  
*Executive Director/  
Chief Operating Officer*

Ms. Mah Swee Buoy, aged 53, a Malaysian, was appointed to the Board on 5 May 2011. She is also a member of the Executive Committee and Remuneration Committee. She started her professional career with Somura Development Sdn Bhd in July 1985. She later joined MKH Berhad in January 1988 as an Accountant. She was promoted to Chief Accountant in 1994 and subsequently promoted to General Manager (Corporate Finance) in 2003. On 19 January 2005, she was appointed as the Chief Operating Officer of MKH Berhad and held the position until today. She does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

---

**Datuk Mohammad Bin Maidon**  
*Independent  
Non-Executive Director*

Datuk Mohammad Bin Maidon, aged 73, a Malaysian, was appointed to the Board on 27 February 2014. He holds a Degree in Business Administration from Universiti Teknologi MARA. He started his career in the marketing division of Colgate-Palmolive (Malaysia) Sdn Bhd ("Colgate-Palmolive") in 1965 and later in the Human Resources Division until his retirement in 1999 with his last position as a Senior Director of Human Resources and Corporate Affairs. He was responsible for the Halal program of Colgate-Palmolive and had been working closely with Jabatan Kemajuan Islam Malaysia and Halal Development Corporation. He is an active member of the Halal Management Team of Colgate-Palmolive from 1980 to 2000 and is still a board member of Colgate-Palmolive as at this date. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

---

**En. Mohammed Chudi  
Bin Haji Ghazali**  
*Senior Independent  
Non-Executive Director*

En. Mohammed Chudi Bin Haji Ghazali, aged 71, a Malaysian, was appointed to the Board on 19 March 2003. He is also a member of the Audit Committee and Chairman of the Nomination Committee. He was attached to Standard Chartered Bank Malaysia Berhad for 36 years and was a Senior Manager prior to his retirement in 1999. He has attended banking courses conducted at National Westminster Bank Staff College, Oxford and Manchester University Business School. He is currently a Board member of Koperasi Serbaguna Anak-Anak Selangor Berhad. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

# Directors' Profile

---

**Haji Mohamed Bin Ismail**  
*Independent  
Non-Executive Director*

Haji Mohamed Bin Ismail, aged 74, a Malaysian, was appointed to the Board on 18 March 2004. He is the Chairman of the Remuneration Committee and also a member of the Audit Committee and Nomination Committee. He was the State Director of Lembaga Pertubuhan Peladang from 1978 to 1989. He later became the Director General of Lembaga Tembakau Negara ("LTN") from 1990 to 2000 and was the Chairman of LTN from 2001 to 2002. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

---

**En. Jeffrey Bin Bosra**  
*Independent  
Non-Executive Director*

En. Jeffrey Bin Bosra, aged 46, a Malaysian, was appointed to the Board on 1 August 2008. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee. He is currently a member of The Malaysian Institute of Certified Public Accountants ("MICPA") and The Malaysian Institute of Accountants ("MIA"). He started his professional career with Arthur Andersen & Co. focusing on external audits and business advisory works. He later joined an established commercial group as the Finance Manager from 1996 to 2000. He then joined Ernst & Young as the Senior Manager specializing in corporate governance, risk management, internal audits, special investigation and turnaround management related service. Encik Jeffrey Bin Bosra left Ernst & Young in 2004 and started his own audit firm. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

---

**Haji Hasan Aziz  
Bin Mohd Johan**  
*Independent  
Non-Executive Director*

Haji Hasan Aziz Bin Mohd Johan, aged 74, a Malaysian, was appointed to the Board on 18 July 2013. He holds a Diploma in Agriculture Malaya from College of Agriculture, Serdang, Selangor Darul Ehsan. He started his career in 1962 at the Department of Agriculture, Kuantan, Pahang under the Ministry of Agriculture (soil science division). He was appointed as the advisor to an oil palm plantation company, Watawala Plantations Ltd in Sri Lanka from 2001 to 2003 and later engaged as a Visiting Agent for some of FELCRA Berhad's plantations from 2009 till 2010. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

# Statement on Corporate Governance

The Board of Directors (“Board”) of MKH Berhad is pleased to report to shareholders on the manner MKH Berhad (“MKH” or “the Company”) and its subsidiaries (“the Group”) has applied the Principles, and the extent of compliance with the Recommendations of good governance as set out in the Malaysian Code On Corporate Governance 2012 (“MCCG 2012” or “the Code”) issued by the Securities Commission, aimed to enhance the effectiveness of corporate governance framework to safeguard the interest of shareholders and other stakeholders as prescribed under Paragraph 15.25 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”).

The Company and the Group have complied with the relevant Principles and Recommendations set out in the MCCG 2012 during the financial year under review. The Board having duly considered the rationale for the said exception as explained in this Annual Report is committed to comply with the Principles and Recommendations of the MCCG 2012.

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The responsibilities of the Board, which should be set out in a Board Charter, include Management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings.

### The Board Of Directors

MKH is led by an experienced Board comprising member who are specialised in the property development and construction sector, banking sector, plantation/ agriculture sector, civil servant and professional in accounting sector. This wide spectrum of skills and experience provide the Board with a diverse set of expertise and knowledge in discharging its responsibilities for the proper functioning of the Board.

### Board Responsibilities

The Group is headed by the Board that leads and controls the overall performance of the Group. The role of the Board includes the following six (6) specific areas:-

- (a) reviewing and adopting strategic plans for the Group.
- (b) overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed.
- (c) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- (d) succession planning, including the implementation of appropriate systems for appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- (e) developing and implementing an investor relations programme for the Company, as it is important that the Company is able to communicate effectively with its shareholders.
- (f) reviewing the adequacy and the integrity of the Group's internal control systems and management systems; including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To ensure effective discharge of its responsibilities, the Board delegates specific powers to other Board committees as prescribed under the MCCG 2012:-

- (a) Audit Committee;
- (b) Risk Management Committee;
- (c) Nomination Committee; and
- (d) Remuneration Committee.

# Statement on Corporate Governance

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

### Board Responsibilities (continued)

Each of the Board committees operate within the defined terms of reference that have been approved by the Board. The respective committee chairman will report to the Board on any significant developments and deliberations conducted at the Board committee level.

### Board Composition and Balance

During the year in review, the Board, led by an experienced Executive Chairman, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong was made up of nine (9) members comprising four (4) Executive Directors including the Chairman and Managing Director and five (5) other Independent Non-Executive Directors ("INEDs") which is in line with the recommendation 3.5 of the MCCG 2012, where the Board must comprise a majority of Independent Directors ("IDs") where the Chairman of the Board is not an ID.

The composition of the Board was well balanced, representing both the major and minority shareholders' interests and complied with the Listing Requirements where at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must comprise of IDs.

The Board having reviewed its size and composition is satisfied that its current size and composition is well balanced, with diverse professional background, skills, expertise and knowledge in discharging its responsibilities for the proper functioning of the Board and fairly reflects the investment in the Company by shareholders apart from the largest shareholder.

The Board has identified and appointed Mohammed Chudi Bin Haji Ghazali as the Senior INED to whom concerns of shareholders, management, employees, and others may be conveyed. The IDs led by Mohammed Chudi Bin Haji Ghazali provide a broader view, independent and balanced assessment of proposals from the Executive Directors. The Board is assisted by a management team relevant to the Group's business operations.

### Board Charter

The Board has adopted a Charter, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the vision and mission and principles of the Company and the policies and strategy development of the Group. The Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Charter is available for reference at the Company's website at [www.mkhberhad.com](http://www.mkhberhad.com).

### Code of Ethics and Conduct and Whistleblowing Policy

The Board is committed to create a corporate culture that adhere to the best practices of corporate governance and to uphold high standard of corporate conduct. The Code of Ethics and Conduct ("the Ethics Conduct") which set out the ethical standards and appropriate conduct at work adopted by the Group and is applicable to all employees and Directors of the Group.

The Ethics Conduct covers the areas of conflict of interest, confidential information, insider information and securities trading, protection of Group's assets and etc.

The details of the Ethics Conduct are available for reference at the Company's website at [www.mkhberhad.com](http://www.mkhberhad.com).

# Statement on Corporate Governance

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

### Code of Ethics and Conduct and Whistleblowing Policy (continued)

In line with good corporate governance practices and with the introduction of the Whistleblower Protection Act 2010, the Board has put in place Whistleblowing Policy, a mechanism for its employees and stakeholders to report any concerns relating to possible improper conduct within the Company in matters relating to financial, compliance, misconduct, wrongdoing and other malpractices in an appropriate manner.

The details of the Whistleblowing Policy is posted on the Company's website at [www.mkhberhad.com](http://www.mkhberhad.com) for ease of access and reference.

### Corporate Social Responsibility

The Group is committed towards good corporate social responsibility practices especially in the area of the workplace, the community, the environment and the marketplace. The Group aims to deliver sustainable value to the society at large and long term value to our shareholders, staff and other stakeholders. The details of the corporate social responsibility statement can be found on pages 24 to 29 of this Annual Report.

### Gender Diversity

The Board acknowledges the recommendation of the Code on gender diversity. It was advocated that the Board should ensure participation of women in the Board to reach 30% by year 2016. However, the Board has not established the policy on gender diversity. The Nomination Committee would however take steps to ensure suitable woman candidates are sought as part of its recruitment exercise so as to ensure balances gender and skills diversity. Nevertheless, the Board is committed to provide fair and equal opportunities and nurturing diversity within the Group.

## PRINCIPLE 2: STRENGTHEN COMPOSITION

*The Board should have transparent policies and procedures that will assist in the selection of Board members. The Board should comprise of members who are able to bring value to Board deliberations.*

### Nomination Committee

The Nomination Committee was established on 27 November 2012 and comprises of two (2) members, all of whom are INEDs. The members of the Nomination Committee and their attendance at the Nomination Committee meeting held during the year under review are as follows:

Committee Members	Designation	Attendance
Mohammed Chudi Bin Haji Ghazali	Chairman	2/2
Haji Mohamed Bin Ismail	Member	2/2
Haji Othman Bin Sonoh*	Member	0/1

\* Ceased as member effective 20/02/2014

The Nomination Committee is empowered by the Board among others to recommend to the Board right candidate with the necessary skills, experience and competencies to be filled in the Board and Board Committees, re-election and re-appointment of Directors, assesses the effectiveness of the Board, board structure, size and composition.

The Nomination Committee also assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including INEDs on an annual basis. All assessments and valuation carried out by the Nomination Committee in discharging its duties were also properly documented.

# Statement on Corporate Governance

## PRINCIPLE 2: STRENGTHEN COMPOSITION (continued)

### Nomination Committee (continued)

During the financial year under review, the Nomination Committee held two (2) meetings to resolve the following key agendas:-

- (a) reviewed the Directors who were due for re-election by rotation and re-appointment;
- (b) reviewed Board's representation and the required mix of skills and experience and assessing the effectiveness of the Board as a whole;
- (c) reviewed of the current size and composition of the Board;
- (d) deliberated on the findings of the assessments and reported the findings to the Board; and
- (e) reviewed and recommended the appointment of Datuk Mohammad Bin Maidon as an INED of the Company.

During the deliberation of the performance of an individual Director who is also a member of the Nomination Committee, that member will abstains from the deliberation of their own performance to avoid any conflict of interests.

### Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subjected to re-election by the shareholders in the next Annual General Meeting ("AGM") subsequent to their appointment. At least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act ("CA"), 1965, Directors who are or over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the conclusion of the next AGM.

The Directors due for re-election by rotation pursuant to Article 110(1) of the Company's Articles of Association of the Company at the forthcoming AGM are Ms Mah Swee Buoy and En Jeffrey Bin Bosra.

However, Ms Mah Swee Buoy does not wish to seek re-election to allow opportunity for others to participate in the Board and to keep the Board size number optimum for efficiency of the Board and will be retiring from the Board at the conclusion of the 35<sup>th</sup> AGM.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the CA 1965 at the forthcoming AGM are Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Datuk Mohammad Bin Maidon, Mohammed Chudi Bin Haji Ghazali, Haji Mohamed Bin Ismail and Haji Hasan Aziz Bin Mohd Johan.

### Remuneration Committee

The Remuneration Committee was established on 27 November 2012 and comprises of three (3) members, majority of whom are INEDs. The members of the Remuneration Committee and their attendance at the Remuneration Committee meetings held during the year under review are as follows:-

Committee Members	Designation	Attendance
Haji Mohamed Bin Ismail	Chairman	2/2
Jeffrey Bin Bosra	Member	2/2
Mah Swee Buoy	Member	2/2

# Statement on Corporate Governance

## PRINCIPLE 2: STRENGTHEN COMPOSITION (continued)

### Remuneration Committee (continued)

The Remuneration Committee is responsible for recommending to the Board on the remuneration framework and packages of all Directors and in the case of Non-Executive Directors' fees including Board Committees' fees, the approval of the shareholders is required. The Directors shall abstain from deliberating and voting's on their own remuneration.

During the financial year under review, the Committee held two (2) meetings to deliberate and approve the remuneration package and bonus for the Executive Directors.

### Directors' Remuneration

The Director's remuneration is linked to experience, scope of responsibilities, service seniority, performance and published market survey information.

(a) Aggregate remuneration of Directors categorised into appropriate components: -

Remuneration (RM)	Executive	Non-Executive
Fees	-	250,000
Other emoluments *	17,766,861	103,790
Estimated monetary value of benefits-in-kind	97,372	-
Total	17,864,233	353,790

\* Includes provision for retirement gratuity of the Group amounting to RM2,822,400 (2013: RM241,920) for certain eligible Directors of the Company.

(b) Breakdown of Directors' remuneration for the year ended 30 September 2014, by category and in each successive band of RM50,000 are as follows: -

Range of Remuneration (RM)	No. of Directors	
	Executive	Non-Executive
1 - 50,000	-	-
50,001 - 100,000	-	5
100,001 - 1,000,000	-	-
1,000,001 - 1,250,000	-	-
1,250,001 - 1,300,000	1	-
1,300,001 - 1,950,000	-	-
1,950,001 - 2,000,000	1	-
2,000,001 - 6,350,000	-	-
6,350,001 - 6,400,000	1	-
6,400,001 - 8,200,000	-	-
8,200,001 - 8,250,000	1	-
Total	4	5

# Statement on Corporate Governance

## PRINCIPLE 3: REINFORCE INDEPENDENCE

*The Board should have policies and procedures to ensure effectiveness of Independent Directors.*

### Review of Directors' Independence

As part of its commitment, the Board supports the highest standards of corporate governance and the development of best practices for the Company. The INEDs as defined under Paragraph 1.01 of the Listing Requirements are independent from management and are free from any business or other relationships that could materially interfere with the exercise of their independent judgement. INEDs are required to voice their reservations of any Board decisions in areas such as policies and strategies which could be detrimental to the interest of the minority shareholders.

In addition to the annual review by the Nomination Committee of the Director's independence, all INEDs are required to submit an annual declaration regarding his independence according to the criteria on independence set out in the Listing Requirements and Practice Notes of Bursa Securities on independence.

### Tenure of Independent Directors

Pursuant to Recommendation 3.2 of MCCG 2012, the tenure of an ID should not exceed a cumulative term of nine (9) years. However, the Board does not have a policy on the tenure of IDs as at this juncture.

Out of the five (5) INEDs, two (2) IDs with vast experience in either banking industry or civil servant and/or plantation industry, have served the Company for more than nine (9) years and over the years have developed deeper understanding of the Group's diversified businesses and is able to perform their duty diligently and in the best interest of the Company and provides broader view, independent and balanced assessment of proposals from the Management.

The Board intends to seek shareholder's approval in the forthcoming AGM to retain Mohammed Chudi Bin Haji Ghazali and Haji Mohamed Bin Ismail as IDs.

### Chairman and Managing Director

The roles of the Executive Chairman and Managing Director are distinct and separate to ensure a balance of power and authority. The Executive Chairman's primary role is to lead and manage the Board. The Managing Director is responsible for the development and implementation of strategy, and overseeing and managing the day-to-day operations of the Group.

Whereas, the Executive Directors take on the primary responsibility of managing the Group's business and resources, led by the Executive Chairman, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and the Managing Director, Tan Sri Datuk Chen Lok Loi.

# Statement on Corporate Governance

## PRINCIPLE 4: FOSTER COMMITMENT

*Directors should devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills.*

### Board Meetings

The Board meets at least 4 times a year and has a formal schedule of matters reserved to it. Additional meetings are held on an ad-hoc basis to deliberate on matters requiring its immediate attention. The Board is supplied with full and timely information to enable it to discharge its responsibilities. During these meetings, the Board reviews the Group's financial performance, business operations, reports of the various Board committees and results are deliberated and considered. Management and performance of the Group and any other strategic issues that affect or may affect the Group's businesses are also deliberated.

During the financial year, the Board met five (5) times; whereat it deliberated and considered a variety of matters affecting the Company's operations including the Group's financial results, business plan and direction of the Group. A summary of attendance for each of the Board of Directors are as follows:

Name of Director	No. of Meetings Attended
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	5/5
Tan Sri Datuk Chen Lok Loi	5/5
Chen Fook Wah	4/5
Mah Swee Buoy	5/5
Datuk Mohammad Bin Maidon *	2/2
Haji Othman Bin Sonoh #	1/2
Mohammed Chudi Bin Haji Ghazali	5/5
Haji Mohamed Bin Ismail	5/5
Jeffrey Bin Bosra	5/5
Haji Hasan Aziz Bin Mohd Johan	4/5

\* Appointed w.e.f. 27/02/2014

# Retired w.e.f. 20/02/2014

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

### Supply and Access to Information

To ensure effective conduct of Board meetings, a structured formal agenda and appropriate documents relating to the agenda include minutes of the previous Board meeting, quarterly report and results of the Company and the Group, progress reports on operations in relation to the risk management, corporate proposals (if any) and any other business are circulated to all Board members in advance of Board meetings. The Board members are thus given sufficient time to peruse the matters that will be tabled at the Board meetings and this enhances the overall decision making process.

The Board have access to all information within the Company and to the advice and services of a competent Company Secretary who is qualified under the Companies Act, 1965. The Board may seek independent professional advice, at the Company's expense, if required in furtherance of their duties.

The Board has full access to both internal and external auditors and received reports on audit findings via the Audit Committee.

# Statement on Corporate Governance

## PRINCIPLE 4: FOSTER COMMITMENT (continued)

### Company Secretary

The Board appointed qualified Company Secretary to support the Board in carrying out its roles and responsibilities, ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

The Company Secretary attends the Board Meetings and Board Committees' Meetings to ensure that all deliberation of issues discussed and decisions/conclusions made are recorded accurately.

The Board recognises that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.

### Directors' Training

In order to keep abreast with the latest regulatory development, all Directors are required to attend the Mandatory Accreditation Programme ("MAP") including Datuk Mohammad Bin Maidon, who joined the Board on 27 February 2014, conducted by Bursatra Sdn Bhd.

The Nomination Committee has taken on the responsibility in evaluating and determining the specific and continuous training needs of the Directors on a regular basis. The Directors have attended courses/conferences and/or in house training from time to time to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, Listing Requirements, regulations and business environment in order to discharge their duties more effectively.

The training programmes, seminars and/or conferences attended by the Directors during the financial year are as follows:

Director	Training/ Seminars/ Conferences
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	<ul style="list-style-type: none"> <li>China (Guangdong) - Malaysia Economic and Trade Cooperation Conference organised by Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM")</li> <li>GST Workshop conducted by Deloitte Tax Services Sdn Bhd</li> </ul>
Tan Sri Datuk Chen Lok Loi	<ul style="list-style-type: none"> <li>China (Guangdong) - Malaysia Economic and Trade Cooperation Conference organised by ACCCIM</li> <li>Speaker at the "Efforts to Reinforce International Partnership and Safety Net for Housing Market" in conjunction with "The First International Seminar on Development of Housing Finance &amp; Guarantee System" in Seoul, Korea</li> <li>Panellist at the "Greater KL and Smart City Conference 2014 - Towards a Sustainable Future" organised by Asian Strategy and Leadership Institute ("ASLI")</li> <li>Speaker at the roundtable discussion on challenges faced by property pursuant to the new cooling measures amid a rising cost environment at Maybank KE Regional Property Conference</li> <li>Speaker at the 16<sup>th</sup> Malaysia Strategic Outlook Conference conducted by ASLI</li> <li>Speaker at the 2014 Property Market Outlook and Investment Strategies, view/thoughts on overall property market sentiment in Klang Valley</li> <li>GST Seminar organised by REHDA Institute</li> <li>GST Workshop conducted by Deloitte Tax Services Sdn Bhd</li> </ul>

# Statement on Corporate Governance

## PRINCIPLE 4: FOSTER COMMITMENT (continued)

### Directors' Training (continued)

Director	Training/ Seminars/ Conferences
Chen Fook Wah	<ul style="list-style-type: none"> <li>Greater KL and Smart City Conference 2014 organised by ASLI</li> <li>9<sup>th</sup> Indonesian Palm Oil Conference and 2014 Price Outlook</li> <li>GST Workshop conducted by Deloitte Tax Services Sdn Bhd</li> </ul>
Mah Swee Buoy	<ul style="list-style-type: none"> <li>Crisis Leadership organised by Intelligence Business Networks (M) Sdn Bhd</li> <li>GST Workshop conducted by Deloitte Tax Services Sdn Bhd</li> </ul>
Datuk Mohammad Bin Maidon	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme For Directors of Public Listed Companies organised by Bursatra Sdn Bhd</li> <li>Enterprise Risk Management and Directors &amp; Officers Insurance organised by Boardroom Limited and AIG Malaysia Insurance Berhad</li> </ul>
Mohammed Chudi Bin Haji Ghazali	<ul style="list-style-type: none"> <li>Board Chairman Series : The Role of the Chairman organised by Bursa Malaysia Berhad</li> <li>Audit Committee Conference 2014 - Stepping Up For Better Governance organised by Malaysian Institute of Accountants</li> <li>Enhancing Internal Audit Practice organised by The Institute of Internal Auditors Malaysia</li> <li>Nominating Committee Programme 2 : Board Effectiveness and Succession Planning organised by Bursa Malaysia Securities Berhad</li> <li>Audit Committee Workshop Series conducted by Malaysian Institute of Accountants</li> </ul>
Haji Mohamed Bin Ismail	<ul style="list-style-type: none"> <li>Audit Committee Conference 2014 - Stepping Up For Better Governance organised by Malaysian Institute of Accountants</li> <li>Nominating Committee Program organized by The Iclif Leadership and Governance Centre</li> </ul>
Jeffrey Bin Bosra	<ul style="list-style-type: none"> <li>Audit Committee Conference 2014 - Stepping Up For Better Governance organised by Malaysian Institute of Accountants</li> <li>2014 MASB Roundtable on Financial Reporting organised by Malaysian Accounting Standards Board</li> <li>Enhancing Internal Audit Practice organised by The Institute of Internal Auditors Malaysia</li> <li>Audit Committee Workshop Series conducted by Malaysian Institute of Accountants</li> </ul>
Haji Hasan Aziz Bin Mohd Johan	<ul style="list-style-type: none"> <li>Nominating Committee Program organized by The Iclif Leadership and Governance Centre</li> <li>Enterprise Risk Management and Directors &amp; Officers Insurance organised by Boardroom Limited and AIG Malaysia Insurance Berhad</li> </ul>

Apart from the above, Directors are also kept informed of the latest regulatory developments by the Company Secretary.

# Statement on Corporate Governance

## PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

*The Board should ensure financial statements are a reliable source of information.*

### Financial Reporting: Statement of Directors' Responsibilities in respect of the Audited Financial Statements

The Board aims to provide and present a balanced and meaningful assessment of the Company's state of affairs in its financial performance and prospects at the end of the financial year, primarily through the financial statements; the Chairman's Statement and Operations Review in the Annual Report.

In preparing the above financial statements the Directors have:

- adopted suitable accounting policies and then apply them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The Directors Responsibilities Statement for the audited financial statements of the Company is set out on page 53 of this Annual Report. The details of the Company's and Group's financial statements for the financial year ended 30 September 2014 can be found on pages 57 to 179 of this Annual Report.

### External Audit

The Company's independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements.

The External Auditors will communicate to the Audit Committee and the Board when they become aware of any significant weaknesses in the Company's system of internal control, including fraud, during the course of their audit that may require the attention of the Audit Committee of the Board.

For the financial year under review, the Audit Committee had four (4) meetings with the External Auditors without the presence of management.

The External Auditors have also confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria as set out by the Malaysian Institute of Accountants.

## PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

*The Board should establish a sound risk management framework and internal controls system.*

### Risk Management Committee

The Risk Management Committee whose current members comprised of three (3) members from the Senior Management assists the Audit Committee and the Board in discharging its risk management and control responsibilities.

In fulfilling the primary objectives, the Risk Management Committee has been tasked to identify and communicate the existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit Committee.

During the financial year under review, the Group has engaged KPMG Management & Risk Consulting Sdn Bhd ("KPMG") to undertake an Enterprise Risk Management ("ERM") engagement for PT Khaleda Agroprima Malindo ("PTKAM"), a subsidiary of the Company which is engaged in the oil palm plantation business in Indonesia.

# Statement on Corporate Governance

## PRINCIPLE 6: RECOGNISE AND MANAGE RISKS (continued)

### Risk Management Committee (continued)

The objective of the engagement is to assist the Board and management of the Group and PTKAM to further strengthen its risk management and internal controls.

### The Internal Audit Function And Its Role

To assist the Audit Committee in assessing the adequacy and integrity of the Group's system of risk management and internal controls, the Company outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd, an independent professional firm, which reports directly to the Audit Committee.

The principal role of the internal audit function is to undertake, on a prioritized approach, an independent and systematic assessment of the Group's system of risk management and internal controls as established by Management in addressing the principal business risks faced by the Group. In conducting internal audit of the Group, the internal audit function deployed professional standards promulgated by the Institute of Internal Auditors. During the financial year under review, weaknesses noted in the said system and areas that required improvement, including the recommendations thereof and action plans agreed to be deployed by Management to address the issues raised, were highlighted by the internal audit function by way of internal audit reports issued to the Audit Committee.

#### (a) Internal audit activities carried out during the financial year under review

The internal audit function conducted its work based on an annual internal audit plan which was tabled before, and approved by, the Audit Committee. The main activities carried out by the internal audit function are set out below:

##### (i) Conduct of internal audit

The internal audit function adopted a risk-based approach in identifying specific areas and processes to be covered. During the financial year under review, the internal audit function focused on selected key processes of the Group's Plantation Division, including the Mill operations. Recommendations to address areas of control deficiencies as well as opportunities for improvements were highlighted in internal audit reports issued to the Audit Committee; and

##### (ii) Follow-up on internal audit

During the financial year under review, the internal audit function also performed a follow-up to assess the status of Management-agreed action plans on recommendations raised in preceding cycles of internal audit. The outcome thereof was summarized in a follow-up report to the Audit Committee, highlighting those issues that had yet to be fully addressed by Management, including specific timelines for those outstanding matters to be resolved.

Whilst reports issued by the internal audit function for the financial year under review were tabled at Audit Committee meetings, Management was present at such meetings to provide pertinent clarification or additional information to address questions raised by Audit Committee members pertaining to matters raised by the internal audit function.

#### (b) Cost of internal audit

The cost of the internal audit function for the financial year under review amounted to approximately RM207,264 (2013: RM138,000).

# Statement on Corporate Governance

## PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

*Companies should establish corporate disclosure policies and procedures to ensure comprehensive, accurate and timely disclosure.*

The Board recognises the need for stockholders and the wider investment community to ensure that they are kept informed of all material business matters affecting the Group. This is done through timely dissemination of information on the Group's performance and major developments which are communicated via the following channels:-

- (a) the Annual Report and relevant circulars despatched to shareholders and published in the Company's website and Bursa Securities.
- (b) the convening of AGM and/or Extraordinary General Meeting ("EGM").
- (c) the release of various disclosures and announcements including quarterly financial announcements.
- (d) press releases and analysts briefings.

The Company leverages on the use of information technology by maintaining a corporate website at <http://www.mkhberhad.com> for effective dissemination of information which shareholders or other stakeholders can easily access to the latest corporate information of the Group. All information released to Bursa Securities is posted on the Investor Relations section of the website at <http://mkh.irplc.com>. In addition, the Company has also appointed an Investor Relations firm to carry out the Group's Investor Relations programme and organise meeting with the financial analysts on quarterly basis.

## PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

*The Board should facilitate the exercise of ownership rights by shareholders.*

The Groups' investor relationship is helmed by a team comprising the Chief Operating Officer ("COO"), Financial Controller and Head of Corporate Communications who will attend to the needs of investment community; shareholders, fund managers and analysts. The Head of Corporate Communications also oversees the media relations, public relations and other external communications.

In addition, the Group has appointed the COO to respond to shareholder's queries and concerns pertaining to the Group via email at [ir@mkhberhad.com](mailto:ir@mkhberhad.com).

The AGM which is held once a year is the principal forum for dialogue with individual shareholders. At the Company's AGM, shareholders have direct access to the Board and are given the opportunity to ask questions during the AGM. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's operations in general. The Chairman of the Board also addresses the shareholders on the review of the Company's operations for the financial year and outlines the prospects of the Company for the new financial year. Additionally, immediately after the AGM, the Board also meets members of the press.

The External Auditors of the Company are invited to attend the AGM to answer any questions relating to the conduct of the audit and contents of the Auditor's Report.

# Audit Committee Report

## Composition And Meetings

The Audit Committee comprises the following members and during its tenure, the Audit Committee met four (4) times during the financial year, details as follows:

Name of Directors	Directorship	No. of Meetings Attended
Jeffrey Bin Bosra (Chairman)	Independent Non-Executive Director	4/4
Mohammed Chudi Bin Haji Ghazali (Member)	Senior Independent Non-Executive Director	3/4
Haji Mohamed Bin Ismail (Member)	Independent Non-Executive Director	4/4

The meetings were structured through the use of agendas and relevant board papers which were distributed to the Audit Committee prior to such meetings. The Chief Operating Officer and the Group Financial Controller were also present in these meetings. Representatives from the external and/or the internal auditors also attended the meetings upon invitation where matters relating to the external and internal audit were discussed.

During the financial year, the Board is satisfied that the Audit Committee and its members have been able to discharge their functions, duties and responsibilities in accordance with the Terms of Reference of the Audit Committee.

## Role Of Audit Committee

The Audit Committee assists, supports and implements the Board's responsibility to oversee the Group's operations in the following manner:-

- provides a means for review of the Group's processes for producing financial data, its internal controls and independence of the Group's External and Internal Auditors.
- reinforces the independence of the Group's External Auditors.
- reinforces the objectivity of the Group's Internal Auditors.

## Key Functions And Responsibilities

The key functions and responsibilities of the Audit Committee are as follows:

- (a) to review the quarterly results and annual financial statements of the Company and its subsidiaries focusing particularly on any changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standard and other legal requirements;
- (b) to discuss matters arising from the interim and final audits, and any matters that the External Auditors may wish to discuss (in the absence of Management);
- (c) to review the adequacy of the scope of internal audit programme and results of the internal audit process and where necessary ensure that appropriate actions are taken on the recommendations of the internal audit findings;
- (d) to recommend to the Board the appointment of the External Auditors and Internal Auditors and the audit fee thereof;
- (e) to review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (f) to review the major findings of internal audit investigations and management's response; and
- (g) to review any External Auditors' management letter (if any) and management's response.

# Audit Committee Report

## Activities Undertaken By The Audit Committee

During the financial year, the activities of the Audit Committee were as follows:-

- reviewed the financial statements and unaudited quarterly financial results and announcements of the results before recommending for the Board of Directors' approval;
- reviewed and approved the scope of the audit plan from the Internal Auditors and External Auditors;
- reviewed the audit reports and recommendation to improve internal control and management's response thereto;
- reviewed if there is any related party transactions that are required to be transacted at an arm's length basis and are not detrimental to the interest of the minority shareholders; and
- reviewed and recommended to the Board the appointment and/or re-appointment of the External Auditors.

## Training

During the year, all the Audit Committee have attended various seminars, training programmes and conferences. The list of trainings attended is disclosed on the Statement on Corporate Governance at pages 42 to 43 of the Annual Report.

## Internal Audit Function

The Group has outsourced its internal audit function with the appointment of the professional accounting firm, KPMG Management & Risk Consulting Sdn Bhd since 30 April 2001.

This report has been reviewed and approved for inclusion in this Annual Report by the Audit Committee.

# Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance 2012 (“the Code”) sets out the Principles and Recommendations for the Board of a company listed on the Bursa Malaysia Securities Berhad (“Bursa Securities”) to establish a sound risk management framework and internal controls system to safeguard shareholders’ investment and the Group’s assets. The Board is committed to establish a sound framework to manage risks and is pleased to provide the following statement in accordance with paragraph 15.26(b) of Bursa Securities Listing Requirements and guided by Principle 6 and Recommendation 6.1 of the Code on recognizing and managing risks within the Group.

## Board’s Responsibilities

The Board acknowledges its responsibilities for establishing a sound risk management framework and internal control system to manage risks. The Board’s responsibilities include:-

- (a) determine the Group’s level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders’ investments and the Group’s assets;
- (b) committed to articulating, implementing and reviewing the Group’s internal controls system for risk management; and
- (c) periodic review and/or conduct of the effectiveness and adequacy of the internal controls procedures and processes to ensure that the system is viable and robust.

However, due to the limitations inherent in any internal control system, it should be noted that such system is designed to manage rather than to eliminate the risk of failure to achieve the Group’s business objectives. Therefore, the system can only provide a reasonable and not absolute assurance against material misstatement or loss. The internal control system or framework of the Group covers, inter-alia, risk management, financial, operational and compliance controls. This process has been in place for the year under review and up to the date of approval of this statement for inclusion in the Annual Report.

Accompanying the maintenance of an appropriate internal control system, is an on-going process to identify, evaluate, monitor and manage principal risks faced by the Group and this process is reviewed quarterly by the Board and accords with the “*Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*” published by the Taskforce on Internal Control.

The Board has reviewed the adequacy and effectiveness of the Group’s risk management and internal control system for the year under review.

## Risk Management Framework

The Board recognizes that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group’s business objectives within defined risk parameters in a timely and effective manner. The group is exposed to operational risks and various financial risks as follows:-

### (a) Operational Risks

Operational risks arise from the execution of the Group core businesses (i.e. property development and construction, plantation, investment property and hotel and trading) and competencies of the management in managing the risks relating to health and safety, quality, inadequate skilled workforce and adverse climatic conditions. The Management is guided by approved standard operating procedures and quality controls to ensure that all business units are functional.

The Group continue to offer competitive compensation that is benchmarked against the best performing companies in the same industry, and rewards framework that is closely linked to employees’ performance to attract and retain a skilled workforce to meet existing and future needs. The plantation division emphasise on good agricultural practices to ensure high production yields of oil palms.

# Statement on

## Risk Management and Internal Control

### (b) Financial Risks

- (a) Credit and liquidity risks arise from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flow and funding. In order to minimise such exposures, tightening of credit control, close monitoring of collections and overdue debts were carried out.
- (b) Interest rate risk arise mainly from the Group's borrowings in the form of term loan, overdraft and revolving credit facilities to meet capital expenditures and working capital requirements.
- (c) Commodity risk arises from the volatility of commodity prices such as crude palm oil ("CPO") and palm kernel which are affected by factors such as weather, government policies, supply and demand, and competition from substitution products as well as currency fluctuation.
- (d) Foreign exchange risk arises from movements in foreign currency exchange rates. The Group's reporting currency is Malaysian Ringgit ("RM"). The majority of the Group's plantation division borrowing is denominated in United States Dollar ("USD") and RM, while the majority of the Group's expenses is denominated in Indonesian Rupiah ("IDR") and sales of CPO and palm kernel is denominated in USD and IDR.

As the CPO is an internationally traded commodity mainly in USD, there is a natural hedge as the selling price of the CPO in IDR has a positive correlation with the strengthening of the USD currency. In addition, the Group constantly monitors and compare the net selling price of CPO in the local Indonesian market (in Rupiah), ex - Pasir Gudang in Malaysia (in RM) and ex - Port Rotterdam (in USD) and the foreign exchange rate to ensure that the Group is selling the CPO at the best possible price.

The Board with the assistance of the Audit Committee, the Risk Management Committee and the Internal Auditors, Messrs KPMG Management & Risk Consulting Sdn Bhd ("KPMG"), continuously review existing risks and identify new risks that the Group faces and management action plans to manage the risks.

To further enhance the risk management process within the culture of the Group, review of existing risks and identification of new risks is also conducted annually with involvement of selected management staff. In additions, nominated key management personnel in each business unit have prepared action plans to address key risks and control issues highlighted by the Internal Auditors.

During the financial year ended 30 September 2014, the Risk Management Committee has:

- (a) reviewed management action plans presented by the nominated key management of certain business units of the Group;
- (b) reviewed the Group's quarterly financial and non-financial performances measured against the approved budget;
- (c) reported its findings on major issues relating to risks and risk management to the Audit Committee on quarterly basis which then reports to the Board;
- (d) reviewed new property development projects and business investment in the subsidiaries and/or associates; and
- (e) monitored financial performances and the progress of corrective actions/implementation for highlighted issues.

# Statement on Risk Management and Internal Control

## Internal Audit Function

During the financial year, the Audit Committee continued to engage the services of an external professional firm KPMG's, distinct from the external auditors, to provide independent internal audit services to the Group, who reports independently to the Audit Committee. The internal audit function provides the Audit Committee with semi-annual reports, based on the audits conducted, highlighting observations, recommendations and management action plans to improve the internal control system and contribute towards improving the Group's risk management.

The key role of the internal audit function is to assess management's adherence to establish policies and procedures as well as to act as an independent sounding board to the Audit Committee concerning areas of weaknesses or deficiencies in the risk management, governance and control processes for appropriate remedial measures to be carried out by the management.

The engagement of KPMG to undertake an Enterprise Risk Management is to assist the Risk Management Committee, Audit Committee and the Board to develop the risk profile and pertinent risk register that the Group faces and proposes management action plans to manage the risks on an ongoing basis. The Committee will present the Group's risk profile and pertinent risk register and control measures to the Audit Committee so that such risk may be monitored by management on an ongoing basis.

## Other Risks and Control Process

Apart from risk management and internal audit, the Board has put in place an organizational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

The Executive Committee, comprising Executive Directors and certain key management staff, reviewed the monthly financial information which includes actual results compare against budget, explanation on significant variances and management actions taken, where necessary. In addition, the Audit Committee and the Board reviewed the quarterly financial results. Where areas of improvement in the internal control system are identified, the Board considered the recommendations made by the Audit Committee and the Risk Management Committee.

Other key elements of the system of internal control of the Group are as follows:-

- (a) the implementation of a whistle-blowing policy and procedure has provided a channel for legitimate concerns to be raised by employees to the Senior Independent Director and the Audit Committee; and
- (b) the established Code of Ethics and Conduct which governs the policies and guidelines to assist the Directors and employees of the Group in defining ethical standards and appropriate conduct at work in discharging their duties and responsibilities.

## Review by the External Auditors

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the External Auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE3000, *Assurance Engagement other than Audits or Review of Historical Financial Information* and Recommended Practice Guide ("RPG") 5, *Guidance for Auditors on the Review of Directors' Statement on Internal Control included in the Annual Report*.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Controls: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. RPG 5 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

# Statement on Risk Management and Internal Control

## Management Assurance

In accordance with the requirements of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*, the Managing Director and Chief Operating Officer have given reasonable assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

## Board's Conclusion

The Board is of the view that an appropriate risk management and internal control system, procedures and processes in operation during the year in review was reasonably adequate and effective to safeguard the assets of the Group and interest of shareholders. For the financial year under review, no significant control failures or weaknesses that result in material losses and require disclosure in the Group's Annual Report were identified.

This Statement has been approved by the Board on 30 December 2014.

# Directors' Responsibility Statement

The Board of Directors is required under Paragraph 15.26(a) of the Main Market Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual audited financial statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year.

In preparing those financial statements, the Directors are required to: -

- use appropriate accounting policies and consistently apply them;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

This Statement has been approved by the Board on 30 December 2014.

# Additional Compliance Information

In compliance with Part A of Appendix 9C of the Listing Requirements, the following are additional information in respect of the financial year ended 30 September 2014 to be disclosed in this Annual Report:-

## 1. Utilisation of Proceeds Raised from Corporate Proposals

There are no proceeds raised from corporate proposals during the financial year ended 30 September 2014.

## 2. Share Buy-back

The Company did not purchase any of its own shares during the financial year ended 30 September 2014.

## 3. Options, Warrants or Convertible Securities

Pursuant to the Rights Issue Exercise, the Company had issued 29,104,378 Warrants on 31 December 2012 which were listed on the Main Market of Bursa Malaysia Securities Berhad on 10 January 2013.

The exercise period commenced on the date of issue of warrants and it will mature within five (5) years from the date of issuance i.e. 30 December 2017.

On 19 May 2014, 5,772,221 new warrants were issued pursuant to the bonus issue of 69,898,293 new ordinary shares of RM1.00 each on the basis of one (1) bonus share for every five (5) existing shares held. Consequently, the exercise price of warrant has been adjusted from RM2.26 to RM1.89 following the adjustment effective 20 May 2014.

During the financial year under review, 241,992 units of warrants were exercised and converted into 241,992 new ordinary shares of RM1.00 each and the outstanding warrants remained unexercised after the adjustment were 34,633,817 units.

## 4. Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 30 September 2014.

## 5. Imposition of Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year under review.

## 6. Non-audit Fees

The amount of non-audit fees paid by the Company and its subsidiaries to the External Auditors and their affiliated company/firm for the financial year ended 30 September 2014 was RM18,600.

## 7. Variation in Results

There was no material variance between the results for the financial year and the unaudited results previously announced.

## 8. Profit Guarantee

The Company did not receive any profit guarantee during the financial year under review.

## 9. Recurrent Related Party Transactions

The Company did not enter into any recurrent related party transactions of a revenue/trading nature during the financial year.

# Additional Compliance Information

## 10. Material Contracts Involving Directors and Major Shareholders' Interest

There are no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

## 11. Family Relationship of Directors and/or Major Shareholders

There is no family relationship among the Directors and/or major shareholders except that:-

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Tan Sri Datuk Chen Lok Loi, and Chen Fook Wah	} Brothers' Relationship
--	--------------------------

## 12. Conflict of Interest

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

## 13. Conviction for Offences

None of the Directors have been convicted of any offences within the past 10 years other than traffic offences, if any.





## Financial Statements

<b>58</b>	Directors' Report
<b>63</b>	Statement by Directors
<b>63</b>	Statutory Declaration
<b>64</b>	Independent Auditor's Report
<b>66</b>	Statements of Profit or Loss and Other Comprehensive Income
<b>68</b>	Statements of Financial Position
<b>70</b>	Consolidated Statement of Changes in Equity
<b>72</b>	Statement of Changes in Equity
<b>73</b>	Statements of Cash Flow
<b>77</b>	Notes to the Financial Statements
<b>179</b>	Supplemental Information

# Directors' Report

The directors have pleasure in presenting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2014.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing management services.

The principal activities of the subsidiaries are stated in Note 14 to the financial statements.

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

## RESULTS

	Group RM	Company RM
Profit for the financial year	119,622,487	93,153,307
Attributable to:		
Owners of the parent	104,684,461	93,153,307
Non-controlling interests	14,938,026	-
	119,622,487	93,153,307

## DIVIDEND

Since the end of the previous financial year, a first interim dividend of 10.0 sen less 25% tax per ordinary share in respect of financial year ended 30 September 2013 amounting to RM26,194,005 was declared on 10 December 2013 and paid on 31 December 2013 as reported in the directors' report of that year.

A first interim single tier dividend of 8.0 sen per ordinary share in respect of financial year ended 30 September 2014 amounting to RM33,551,728 was declared on 10 October 2014 and paid on 11 November 2014. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2015.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2014.

## ISSUES OF SHARES

During the financial year, the following issue of shares was made by the Company:

Class	Number	Term of Issue	Purpose of Issue
Ordinary share of RM1/- each	69,898,293	Non-cash	Bonus Issue of 1 new ordinary share for every 5 existing ordinary shares held.
Ordinary share of RM1/- each	241,992	Exercise of warrants	Exercise of warrants by warrant holders.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

# Directors' Report

## WARRANTS

On 31 December 2012, the Company allotted and issued 29,104,378 free warrants constituted under the deed poll dated 23 November 2012.

The salient features of the warrants are as follows:

- (i) entitles its registered holders to subscribe for one (1) new ordinary share of RM1/- each at the exercise price during the exercise period;
- (ii) the exercise price is RM2.26 per share subject to adjustments in accordance with the provisions of the deed poll executed; and
- (iii) the warrants may be exercised at any time for a period of five years commencing from 31 December 2012 until 30 December 2017 ("exercise period"). The warrants that are not exercised during the exercise period will thereafter lapse and become void.

The exercise price was adjusted to RM1.89 per share subsequent to bonus issue on 20 May 2014.

The movements in the Company's warrants to subscribe for new ordinary shares of RM1/- each during the financial year is as follows:

	At 1 October 2013	Number of warrants		At 30 September 2014
		Adjustment on bonus issue	Exercised	
Number of warrants	29,103,588	5,772,221	(241,992)	34,633,817

## DIRECTORS

The names of the directors of the Company in office since the date of the last report and on the date of this report are as follows:

TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG

TAN SRI DATUK CHEN LOK LOI

CHEN FOOK WAH

MAH SWEE BUOY

DATUK MOHAMMAD BIN MAIDON

(Appointed on 27 February 2014)

MOHAMMED CHUDI BIN HAJI GHAZALI

MOHAMED BIN ISMAIL

JEFFREY BIN BOSRA

HASAN AZIZ BIN MOHD JOHAN

HAJI OTHMAN BIN SONOH

(Retired on 20 February 2014)

# Directors' Report

## DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

### (a) Shareholdings in the Company

	Number of Ordinary Shares of RM1/- Each			
	At 1 October 2013	Bought	Sold	Bonus Issue
At 30 September 2014				
Direct interest:				
Tan Sri Dato' Chen Kooi Chiew @				
Cheng Ngi Chong	1,254,925	-	-	250,985
Tan Sri Datuk Chen Lok Loi	6,303,920	-	-	1,260,784
Chen Fook Wah	1,074,544	-	(800,000)	214,908
Mah Swee Buoy	136,002	9,999	-	29,200
Mohammed Chudi				
Bin Haji Ghazali	15,245	30,000	-	5,049
Jeffrey Bin Bosra	10,000	10,000	(10,000)	2,000
Deemed interest:				
Tan Sri Dato' Chen Kooi Chiew @				
Cheng Ngi Chong ^	158,424,292	223,000	(3,300,000)	31,684,858
Tan Sri Datuk Chen Lok Loi ^	152,923,035	23,000	(3,300,000)	30,589,207
Chen Fook Wah *	150,432,835	-	(3,300,000)	30,086,567

### (b) Warrant holdings in the Company

	Number of Warrants			
	At 1 October 2013	Adjustment on bonus issue	Bought	Sold
At 30 September 2014				
Direct interest:				
Tan Sri Dato' Chen Kooi Chiew @				
Cheng Ngi Chong	621,243	124,248	-	(110,000)
Tan Sri Datuk Chen Lok Loi	525,326	105,065	-	-
Chen Fook Wah	88,087	17,617	-	-
Mah Swee Buoy	13,032	2,606	-	-
Mohammed Chudi Bin				
Haji Ghazali	1,270	254	-	-
Deemed interest:				
Tan Sri Dato' Chen Kooi Chiew @				
Cheng Ngi Chong ^	12,778,273	2,555,653	-	-
Tan Sri Datuk Chen Lok Loi ^	12,734,419	2,546,883	-	-
Chen Fook Wah *	12,536,069	2,507,213	-	-

^ Shares/Warrants held through corporation(s) in which director has substantial financial interest and through nominee company(ies).

\* Shares/Warrants held through corporation in which director has substantial financial interest.

# Directors' Report

## DIRECTORS' INTERESTS (continued)

### (c) Shareholdings in the Subsidiary - Srijang Kemajuan Sdn. Bhd.

	Number of Ordinary Shares of RM1/- Each			
	At 1 October 2013	Bought	Sold	At 30 September 2014
Direct interest: Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1	-	-	1

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements or the fixed salary of a full time employee of the Company) 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 other than any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 32 to the financial statements.

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

## RESERVES AND PROVISIONS

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

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of profit or loss and other comprehensive income and statements of financial position were made out, the directors took reasonable steps:

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

# Directors' Report

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

In the opinion of the directors:

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

## SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 34 to the financial statements.

## SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant event subsequent to the financial year end are disclosed in Note 35 to the financial statements.

## AUDITORS

The auditors, Messrs. Baker Tilly AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 December 2014

**TAN SRI DATO' CHEN KOOI CHIEW**  
**@ CHENG NGI CHONG**

**TAN SRI DATUK CHEN LOK LOI**

# Statement By Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **Tan Sri Dato' Chen Kooi Chiew @ Cheng Ng Chong** and **Tan Sri Datuk Chen Lok Loi**, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 66 to 178, are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 179 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 December 2014.

**TAN SRI DATO' CHEN KOOI CHIEW**  
**@ CHENG NGI CHONG**

**TAN SRI DATUK CHEN LOK LOI**

# Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Mah Swee Buoy**, being the director primarily responsible for the financial management of **MKH BERHAD**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 66 to 178 and the supplementary information set out on page 179 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named at  
Kuala Lumpur in the Federal Territory  
on 30 December 2014

**MAH SWEE BUOY**

Before me

**TAN KIM CHOOI** (W 661)  
Commissioner for Oaths

# Independent Auditors' Report

TO THE MEMBERS OF MKH BERHAD

## Report on the Financial Statements

We have audited the financial statements of **MKH Berhad**, which comprise the statements of financial position as at 30 September 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 66 to 178.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

# Independent Auditors' Report

TO THE MEMBERS OF MKH BERHAD

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors as indicated in Note 14 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

## Other Reporting Responsibilities

The supplementary information set out on page 179 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

**BAKER TILLY AC**  
AF 001826  
Chartered Accountants

Kuala Lumpur

**LEE KONG WENG**  
2967/07/15(J)  
Chartered Accountant

# Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

			Group		Company
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	3	806,521,611	688,219,437	77,452,174	97,562,501
Cost of sales	4	(525,591,755)	(440,037,170)	-	-
<b>Gross profit</b>		280,929,856	248,182,267	77,452,174	97,562,501
Other income		40,211,040	49,077,104	20,187,771	7,588,782
Sales and marketing expenses		(25,457,536)	(23,212,543)	-	-
Administrative expenses		(72,206,047)	(54,244,814)	(1,704,125)	(1,430,941)
Other expenses		(25,705,106)	(77,442,461)	(490,965)	(1,648,751)
<b>Profit from operations</b>		197,772,207	142,359,553	95,444,855	102,071,591
Finance costs		(37,996,057)	(18,220,067)	(701,756)	(2,941,240)
Share of results of associates		2,783,844	10,313,784	-	-
<b>Profit before tax</b>	5	162,559,994	134,453,270	94,743,099	99,130,351
Tax expense	7	(42,937,507)	(27,305,688)	(1,589,792)	(15,274,571)
<b>Profit for the financial year</b>		119,622,487	107,147,582	93,153,307	83,855,780
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Re-measurement gains on defined benefit plans		338,485	-	-	-
		338,485	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences		194,669	2,908,903	-	-
Reclassification of foreign translation reserve to profit or loss on repayment of company balances		1,774,003	10,540,216	-	-
Income tax relating to components of other comprehensive income	7	-	30,000	-	-
Other comprehensive income for the financial year, net of tax		1,968,672	13,479,119	-	-
<b>Total comprehensive income for the financial year, carried down</b>		121,929,644	120,626,701	93,153,307	83,855,780

# Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

		2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
Note					
	<b>Total comprehensive income for the financial year</b>	121,929,644	120,626,701	93,153,307	83,855,780
	<b>Profit attributable to:</b>				
	Owners of the parent	104,684,461	103,969,591	93,153,307	83,855,780
	Non-controlling interests	14,938,026	3,177,991	-	-
		119,622,487	107,147,582	93,153,307	83,855,780
	<b>Total comprehensive income attributable to:</b>				
	Owners of the parent	106,961,112	117,322,400		
	Non-controlling interests	14,968,532	3,304,301		
		121,929,644	120,626,701		
	<b>Basic earnings per share (sen)</b>	8	24.97	25.33	
	<b>Diluted earnings per share (sen)</b>	8	24.13	25.30	

The accompanying notes form an integral part of the financial statements.

# Statements of Financial Position

AS AT 30 SEPTEMBER 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
<b>Assets</b>					
Property, plant and equipment	9	173,840,844	163,292,241	572,593	592,095
Goodwill	10	4,757,576	4,930,865	-	-
Biological assets	11	223,923,175	217,596,351	-	-
Prepaid lease payments	12	27,341,957	28,226,040	-	-
Investment properties	13	299,443,000	263,604,652	-	-
Investment in subsidiaries	14	-	-	680,668,688	635,931,009
Investment in associates	15	12,436,110	26,652,266	-	-
Land held for property development	16	510,794,148	434,757,669	-	-
Deferred tax assets	17	20,552,213	29,947,743	744,900	777,500
Receivables, deposits and prepayments	18	2,523,807	4,483,445	125,828,540	99,052,693
<b>Total non-current assets</b>		1,275,612,830	1,173,491,272	807,814,721	736,353,297
Property development costs	19	346,013,086	277,744,695	-	-
Inventories	20	38,129,290	42,231,018	-	-
Accrued billings in respect of property development costs		126,352,797	125,039,130	-	-
Receivables, deposits and prepayments	18	156,888,643	117,799,017	1,720,936	2,065,891
Current tax assets		3,968,624	833,425	-	-
Cash, bank balances, term deposits and fixed income funds	21	196,091,119	122,138,158	1,016,517	57,925
		867,443,559	685,785,443	2,737,453	2,123,816
Non-current assets classified as held for sale	22	-	1,249,070	-	-
<b>Total current assets</b>		867,443,559	687,034,513	2,737,453	2,123,816
<b>Total assets</b>		2,143,056,389	1,860,525,785	810,552,174	738,477,113

# Statements of Financial Position

AS AT 30 SEPTEMBER 2014 (CONTINUED)

		2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
	Note				
<b>Equity</b>					
Share capital	23	419,393,607	349,253,322	419,393,607	349,253,322
Reserves	24	615,111,833	604,078,624	382,335,476	385,110,072
<b>Equity attributable to owners of the parent</b>		1,034,505,440	953,331,946	801,729,083	734,363,394
<b>Non-controlling interests</b>	14	23,162,090	2,593,558	-	-
<b>Total equity</b>		1,057,667,530	955,925,504	801,729,083	734,363,394
<b>Liabilities</b>					
Deferred tax liabilities	17	49,829,031	49,699,178	-	-
Provisions	25	4,712,561	3,102,423	-	-
Payables and accruals	26	122,069,225	92,805,412	-	-
Loans and borrowings	27	415,741,994	414,772,321	-	-
<b>Total non-current liabilities</b>		592,352,811	560,379,334	-	-
Provisions	25	19,595,520	17,918,026	3,074,400	3,074,400
Progress billings in respect of property development costs		31,234,735	8,066,860	-	-
Payables and accruals	26	244,643,915	201,804,202	339,429	286,152
Loans and borrowings	27	192,067,979	107,165,063	5,000,000	415,478
Current tax liabilities		5,493,899	9,266,796	409,262	337,689
<b>Total current liabilities</b>		493,036,048	344,220,947	8,823,091	4,113,719
<b>Total liabilities</b>		1,085,388,859	904,600,281	8,823,091	4,113,719
<b>Total equity and liabilities</b>		2,143,056,389	1,860,525,785	810,552,174	738,477,113
<b>Net assets per share (RM)</b>	8	2.47	2.27		

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

Note	Attributable to Owners of the Parent				Distributable		Non-controlling Interests RM	Total RM	Total Equity RM
	Share Capital RM	Share Premium RM	Warrant Reserve RM	Translation Reserve RM	Revaluation Reserve RM	Retained Earnings RM			
<b>At 1 October 2012</b>	291,043,776	-	-	(16,453,334)	12,100,372	510,891,115	(1,771,586)	797,581,929	795,810,343
<b>Comprehensive income</b>									
Profit for the financial year	-	-	-	-	-	103,969,591	3,177,991	103,969,591	107,147,582
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	2,782,593	-	-	126,310	2,782,593	2,908,903
Reclassification of foreign translation reserve to profit or loss	-	-	-	10,540,216	-	-	-	10,540,216	10,540,216
Income tax relating to components of other comprehensive income	-	-	-	30,000	-	-	-	30,000	30,000
Total comprehensive income	-	-	-	13,352,809	-	103,969,591	3,304,301	117,322,400	120,626,701
<b>Transactions with owners</b>									
Issuance of shares pursuant to									
- Bonus issue	29,104,378	-	-	-	-	(29,104,378)	-	-	-
- Rights issue with warrants	29,104,378	15,204,127	8,079,375	-	-	-	-	52,387,880	52,387,880
- Warrants	790	995	-	-	-	-	-	1,785	1,785
Share issue expenses	-	(1,290,235)	-	-	-	-	-	(1,290,235)	(1,290,235)
Non-controlling interest in respect of subsidiary acquired	-	-	-	-	-	-	18,673,507	-	18,673,507
Changes of ownership interest in a subsidiary	-	-	-	-	-	425,164	(18,425,164)	425,164	(18,000,000)
Issuance of shares by subsidiary to non-controlling interest	-	-	-	-	-	-	812,500	-	812,500
Dividend	-	-	-	-	-	(13,096,977)	-	(13,096,977)	(13,096,977)
28									
Total transactions with owners	58,209,546	13,914,887	8,079,375	-	-	(41,776,191)	1,060,843	38,427,617	39,488,460
<b>At 30 September 2013</b>	349,253,322	13,914,887	8,079,375	(3,100,525)	12,100,372	573,084,515	2,593,558	953,331,946	955,925,504

# Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

Note	Attributable to Owners of the Parent				Distributable		Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Warrant Reserve	Translation Reserve	Revaluation Reserve	Retained Earnings		
	RM	RM	RM	RM	RM	RM	RM	RM
<b>At 1 October 2013</b>	349,253,322	13,914,887	8,079,375	(3,100,525)	12,100,372	573,084,515	2,593,558	955,925,504
<b>Comprehensive income</b>								
Profit for the financial year	-	-	-	-	-	104,684,461	14,938,026	119,622,487
<b>Other comprehensive income</b>								
Foreign currency translation differences	-	-	-	181,100	-	-	13,569	194,669
Reclassification of foreign translation reserve to profit or loss	-	-	-	1,774,003	-	-	-	1,774,003
Re-measurement gains on defined benefit plans	-	-	-	-	-	321,548	16,937	338,485
Total comprehensive income	-	-	-	1,955,103	-	105,006,009	14,968,532	121,929,644
<b>Transactions with owners</b>								
Issuance of shares pursuant to								
- Bonus issue	69,898,293	(14,145,878)	-	-	-	(55,752,415)	-	-
- Warrants	241,992	371,904	(67,189)	-	-	-	-	546,707
Share issue expenses	-	(140,320)	-	-	-	-	-	(140,320)
Issuance of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	5,600,000	5,600,000
Dividend	-	-	-	-	-	(26,194,005)	-	(26,194,005)
Total transactions with owners	70,140,285	(13,914,294)	(67,189)	-	-	(81,946,420)	5,600,000	(20,187,618)
<b>At 30 September 2014</b>	419,393,607	593	8,012,186	(1,145,422)	12,100,372	596,144,104	23,162,090	1,057,667,530

The accompanying notes form an integral part of the financial statements.

# Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

Note	Attributable to Owners of the Parent					Total Equity RM
	Share Capital RM	Share Premium RM	Warrant Reserve RM	Revaluation Reserve RM	Distributable Retained Earnings RM	
<b>At 1 October 2012</b>	291,043,776	-	-	12,375	321,449,010	612,505,161
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	83,855,780	83,855,780
<b>Transaction with owners</b>						
Issuance of shares pursuant to						
- Bonus issue	29,104,378	-	-	-	(29,104,378)	-
- Right issue with warrants	29,104,378	15,204,127	8,079,375	-	-	52,387,880
- Warrants	790	995	-	-	-	1,785
Share issue expenses	-	(1,290,235)	-	-	-	(1,290,235)
Dividend	-	-	-	-	(13,096,977)	(13,096,977)
	58,209,546	13,914,887	8,079,375	-	(42,201,355)	38,002,453
<b>At 30 September 2013</b>	349,253,322	13,914,887	8,079,375	12,375	363,103,435	734,363,394
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	93,153,307	93,153,307
<b>Transactions with owners</b>						
Issuance of shares pursuant to						
- Bonus issue	69,898,293	(14,145,878)	-	-	(55,752,415)	-
- Warrants	241,992	371,904	(67,189)	-	-	546,707
Share issue expenses	-	(140,320)	-	-	-	(140,320)
Dividend	-	-	-	-	(26,194,005)	(26,194,005)
	70,140,285	(13,914,294)	(67,189)	-	(81,946,420)	(25,787,618)
<b>At 30 September 2014</b>	419,393,607	593	8,012,186	12,375	374,310,322	801,729,083

The accompanying notes form an integral part of the financial statements.

# Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

		Group		Company
Note	2014 RM	2013 RM (restated)	2014 RM	2013 RM
<b>Cash flows from operating activities</b>				
Profit before tax	162,559,994	134,453,270	94,743,099	99,130,351
Adjustments for:				
Amortisation of biological assets	8,597,062	5,174,149	-	-
Amortisation of prepaid lease payments	775,984	776,535	-	-
Bad debts written off	25,879	-	-	-
Depreciation of property, plant and equipment	10,871,195	7,966,882	19,501	20,698
Deposits written off	580	-	-	-
Dividend income	-	-	(77,452,174)	(97,562,501)
Impairment loss on:				
- trade receivables	51,305	-	-	-
- other receivables	13,384	27,306	3,800	-
Interest expense	37,996,057	17,463,062	701,756	2,809,487
Inventories written off	-	15,484	-	-
Net loss on foreign exchange - unrealised	18,235,198	50,957,196	-	-
Property, plant and equipment written off	235,144	4,406	1	1
Provision for retirement gratuity	2,822,400	241,920	-	-
Provision for post-employment benefit obligations	2,181,409	2,055,374	-	-
Bad debts recovered	(941)	-	-	-
Changes in fair value of investment properties	(22,196,624)	(3,810,700)	-	-
Gain on bargain purchase on acquisition of subsidiaries	-	(31,170,197)	-	-
Gain on disposal of land held for property development	(433,911)	-	-	-
Gain on disposal of non-current assets classified as held for sale	(6,505,089)	-	-	-
Gain on transfer of property development costs to investment properties	(1,819,526)	-	-	-
Balance carried down	213,409,500	184,154,687	18,015,983	4,398,036

# Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

	Note	2014 RM	Group 2013 RM (restated)	2014 RM	Company 2013 RM
Balance brought down		213,409,500	184,154,687	18,015,983	4,398,036
Gain/(Loss) on disposal of property, plant and equipment		(81,215)	109,010	-	-
Interest income		(2,793,996)	(4,046,913)	(6,220,642)	(7,526,282)
Reversal of impairment loss on:					
- loan and finance lease receivables		(121,514)	(61,575)	-	-
- trade receivables		(22,584)	(27,050)	-	-
- other receivables		(235,624)	(679,601)	(9,000)	(62,500)
- investment in subsidiary		-	-	(13,824,877)	-
Realisation of translation reserves		1,774,003	10,540,216	-	-
Share of results of associates		(2,783,844)	(10,313,784)	-	-
<b>Operating profit/(loss) before changes in working capital</b>		209,144,726	179,674,990	(2,038,536)	(3,190,746)
Change in property development costs		(8,906,191)	5,032,245	-	-
Change in inventories		9,425,819	21,473,010	-	-
Change in amount due from customers on contracts		-	1,952,440	-	-
Change in receivables, deposits and prepayments		(43,021,062)	(14,220,235)	350,155	357,923
Change in payables and accruals		88,751,301	(23,830,348)	53,277	(363,040)
<b>Cash generated from/(used in) operations</b>		255,394,593	170,082,102	(1,635,104)	(3,195,863)
Interest received		2,660,918	2,058,507	6,220,642	7,526,282
Interest paid		(35,553,836)	(28,586,097)	(701,756)	(2,809,487)
Tax paid		(43,196,178)	(36,312,502)	(1,542,935)	(1,312,671)
Tax refunded		2,942,297	1,972,180	57,316	-
Retirement benefit obligations paid		(118,169)	(544,100)	-	-
Rectification works paid		(1,144,906)	(805,644)	-	-
<b>Net cash from operating activities</b>		180,984,719	107,864,446	2,398,163	208,261
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries, net of cash acquired	29	12,887	(53,350,291)	(12,804)	(40,000,002)
Acquisition of investment properties		(5,539,724)	(22,112,559)	-	-
Subscription of shares in an associate		(1,000,000)	(800,000)	-	-
Acquisition of property, plant and equipment		(24,141,001)	(23,577,809)	-	-
Additions to biological assets		(16,170,144)	(24,256,738)	-	-
Additions to land held for property development		(144,477,855)	(56,967,106)	-	-
Acquisition of non-controlling interests in a subsidiary		-	(18,000,000)	-	-
Subscription of additional shares in a subsidiary		-	-	(30,899,998)	(137,498)
Balance carried down		(191,315,837)	(199,064,503)	(30,912,802)	(40,137,500)

# Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

Note	2014 RM	Group 2013 RM (restated)	2014 RM	Company 2013 RM
<b>Net cash from operating activities carried down</b>	180,984,719	107,864,446	2,398,163	208,261
<b>Cash flows from investing activities</b>				
Balance brought down	(191,315,837)	(199,064,503)	(30,912,802)	(40,137,500)
Dividends received	18,000,000	30,015,000	77,452,174	83,644,376
(Placement)/Withdrawal of deposits with licensed banks	(5,252,118)	1,443,968	-	-
Proceeds from redemption of NCRPS	-	4,796,591	-	-
Proceeds from disposal of land held for property development	439,598	-	-	-
Proceeds from disposal of non-current assets classified as held for sale	7,754,159	-	-	-
Proceeds from disposal of property, plant and equipment	84,424	439,778	-	-
<b>Net cash (used in)/from investing activities</b>	(170,289,774)	(162,369,166)	46,539,372	43,506,876
<b>Cash flows from financing activities</b>				
Drawdown of bridging loan	12,010,000	17,640,091	-	-
Drawdown of revolving credits	115,067,000	71,524,553	5,000,000	-
Drawdown of term loans	91,165,419	280,201,856	-	-
Repayments of bridging loan	(22,537,528)	(10,547,107)	-	-
Repayments of revolving credits	(82,019,568)	(140,087,020)	-	(37,599,500)
Repayments of term loans	(30,071,519)	(157,465,961)	-	(37,558,500)
Payments of finance lease	(2,106,615)	(926,393)	-	-
Proceeds from issuance of shares	546,707	52,389,665	546,707	52,389,665
Share issue expenses	(140,320)	(1,290,235)	(140,320)	(1,290,235)
Repayment to subsidiaries	-	-	(26,775,847)	(5,986,010)
Proceeds from issuance of shares by subsidiaries to minority shareholders	5,600,000	812,500	-	-
Dividend paid	(26,194,005)	(13,096,977)	(26,194,005)	(13,096,977)
<b>Net cash from/(used in) financing activities</b>	61,319,571	99,154,972	(47,563,465)	(43,141,557)
<b>Net increase in cash and cash equivalents</b>	72,014,516	44,650,252	1,374,070	573,580
Effect of exchange rate fluctuations	(537,338)	(2,103,160)	-	-
Cash and cash equivalents at beginning of the financial year	113,280,812	70,733,720	(357,553)	(931,133)
<b>Cash and cash equivalents at end of the financial year</b>	184,757,990	113,280,812	1,016,517	(357,553)

# Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

## Cash and cash equivalents

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

		2014 RM	Group 2013 RM (restated)	2014 RM	Company 2013 RM
	Note				
Deposits with licensed financial banks	21	37,303,540	5,768,302	-	-
Cash and bank balances	21	78,986,843	58,358,692	1,016,517	57,925
Cash held under housing development accounts	21	76,601,772	56,374,105	-	-
Fixed income funds	21				
- redeemable at call		3,188,022	1,567,894	-	-
- redeemable upon 1 day notice		10,942	-	-	-
- redeemable upon 7 days notice		-	69,165	-	-
Bank overdrafts	27	196,091,119 (730,500)	122,138,158 (3,506,835)	1,016,517 -	57,925 (415,478)
Less: Non short term and highly liquid fixed deposits		195,360,619 (10,602,629)	118,631,323 (5,350,511)	1,016,517 -	(357,553) -
		184,757,990	113,280,812	1,016,517	(357,553)

## Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with aggregate costs of RM26,399,364 (2013: RM24,309,289), which were satisfied as follows:

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
Finance lease arrangement	2,258,363	731,480	-	-
Cash payments	24,141,001	23,577,809	-	-
	26,399,364	24,309,289	-	-

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## Corporate information and principal activities

MKH Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

### Registered office:

Suite 1, 5<sup>th</sup> Floor,  
Wisma MKH,  
Jalan Semenyih,  
43000 Kajang,  
Selangor Darul Ehsan.

### Principal place of business:

5<sup>th</sup> Floor, Wisma MKH,  
Jalan Semenyih,  
43000 Kajang,  
Selangor Darul Ehsan.

The Company is principally engaged in investment holding and providing management services while the principal activities of the subsidiaries are stated in Note 14. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a resolution passed at the Board of Directors' meeting held on 30 December 2014.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(c).

### **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")**

#### **(i) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int**

The Group and the Company had adopted the following new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

#### New FRSs

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement

#### Revised FRSs

FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

**New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (continued)**

#### (i) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (continued)

##### Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting

##### New IC Int

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine
-----------	---

##### Amendments to IC Int

IC Int 2	Members’ Shares in Co-operative Entities & Similar Instruments
----------	--

The adoption of the above new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

#### ***FRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)***

FRS 10 replaces the consolidation part of the former FRS 127 Consolidated and Separate Financial Statements. The revised FRS 127 will deal only with accounting for investment in subsidiaries, jointly controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 139 Financial Instruments: Recognition and Measurement.

FRS 10 brings about convergence between FRS 127 and IC Int 112 Consolidation-Special Purpose Entities, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that “an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee”. It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

The Group adopted FRS 10 in the current financial year. This resulted in changes to the accounting policies as disclosed in Note 2(a)(i). The adoption of FRS 10 has no significant impact to the financial position and results of the Group.

#### ***FRS 12 Disclosures of Interests in Other Entities***

FRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, associates and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity’s interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The requirements in FRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. FRS 12 disclosures are provided in Notes 14 and 15.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

**New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (continued)**

#### (i) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (continued)

##### **FRS 13 Fair Value Measurement**

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the guidance in FRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs.

In accordance with the transitional provision of FRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of FRS 13 has not affected the measurement of Group’s assets or liabilities other than additional disclosures.

##### **FRS 119 Employee Benefits (Revised)**

FRS 119 (Revised) eliminates the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

The above amendments have been applied prospectively as the prior year financial impact is not material to the Group. The effects relating to the adoption of FRS 119 of RM338,485 has been recognised under other comprehensive income during the financial year.

#### (ii) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRSs, amendments/improvements to FRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New FRSs</u>		
New FRSs		
FRS 9	Financial Instruments	1 January 2018
FRS 14	Regulatory Deferred Accounts	1 January 2016
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 8	Operating Segments	1 July 2014

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

**New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (continued)**

### (ii) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted (continued)

The Group and the Company have not adopted the following new FRSs, amendments/improvements to FRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:- (continued)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to FRSs (continued)</u>		
FRS 10	Consolidated Financial Statements	1 January 2014 and 1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interests in Other Entities	1 January 2014
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014 and 1 January 2016
FRS 119	Employee Benefits	1 July 2014 and 1 January 2016
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate Financial Statements	1 January 2014 and 1 January 2016
FRS 128	Investment in Associates and Joint Ventures	1 January 2016
FRS 132	Financial Instruments: Presentation	1 January 2014
FRS 134	Interim Financial Reporting	1 January 2016
FRS 136	Impairment of Assets	1 January 2014
FRS 138	Intangible Assets	1 July 2014 and 1 January 2016
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
FRS 140	Investment Property	1 July 2014
<u>New IC Int</u>		
IC Int 21	Levies	1 January 2014

A brief discussion on the above significant new FRSs, amendments/improvements to FRSs and new IC Int which are applicable to the Group and the Company are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

#### **FRS 9 Financial Instruments**

FRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.

#### Classification and measurement

FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

**New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (continued)**

#### (ii) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted (continued)

##### ***FRS 9 Financial Instruments (continued)***

###### Classification and measurement (continued)

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

###### Impairment

FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

###### Hedge accounting

FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

##### ***Amendments to FRS 3 Business Combinations***

Amendments to FRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to FRS 3 clarifies that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

##### ***Amendments to FRS 7 Financial Instruments: Disclosures***

Amendments to FRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

##### ***Amendments to FRS 8 Operating Segments***

Amendments to FRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

**New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (continued)**

#### (ii) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted (continued)

##### ***Amendments to FRS 8 Operating Segments (continued)***

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments’ assets to the entity’s assets if the segment assets are reported regularly to the chief operating decision maker.

##### ***Amendments to FRS 13 Fair Value Measurement***

Amendments to FRS 13 relates to the IASB’s Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 Financial Instruments: Recognition and Measurement or FRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132 Financial Instruments: Presentation.

##### ***Amendments to FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets***

Amendments to FRS 116 and FRS 138 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendment to FRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which each item of property, plant and equipment is used or consumed.

##### ***Amendments to FRS 138 Intangible Assets***

Amendments to FRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to FRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

##### ***Amendments to FRS 119 Employee Benefits***

Amendments to FRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit (i.e. either based on the plan’s contribution formula or on a straight-line basis).

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

**New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (continued)**

#### (ii) New FRSs, Amendments/Improvements to FRSs and New IC Int that are issued, but not yet effective and have not been early adopted (continued)

##### ***Amendments to FRS 124 Related Party Disclosures***

Amendments to FRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

##### ***Amendments to FRS 132 Financial Instruments: Presentation***

Amendments to FRS 132 does not change the current offsetting model in FRS 132. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’, that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria.

##### ***Amendments to FRS 136 Impairment of Assets***

Amendments to FRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

##### ***Amendments to FRS 140 Investment Property***

Amendments to FRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in FRS 3 and investment property as defined in FRS 140 requires the separate application of both Standards independently of each other.

#### (iii) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* (“Transitioning Entities”). The Transitioning Entities are given an option to defer adoption of the MFRSs Framework and shall apply the MFRSs Framework for annual periods beginning on or after 1 January 2017. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 30 September 2018. The main effect arising from the transition to the MFRSs Framework are disclosed below.

MASB also issued MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 (*Agriculture: Bearer Plants*). MFRS 15 is effective for annual periods beginning on or after 1 January 2017 while the Bearer Plants amendment is effective for annual periods beginning on or after 1 January 2016.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

**New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (continued)**

#### (iii) MASB Approved Accounting Standards, MFRSs (continued)

The effect is based on the Group’s and the Company’s best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group’s and the Company’s first MFRSs based financial statements.

#### **Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)**

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

#### **MFRS 141 Agriculture, Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture**

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity’s biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141.

The Group is currently assessing the impact of the adoption of this standard and amendments.

#### **MFRS 15 Revenue from Contracts with Customers**

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

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

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

**New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”) (continued)**

#### (iii) MASB Approved Accounting Standards, MFRSs (continued)

##### **MFRS 15 Revenue from Contracts with Customers (continued)**

MFRS 15 also includes new disclosures (quantitative and/or qualitative information) that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The Group is currently assessing the impact of the adoption of this standard.

### (b) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (‘RM’), which is also the Company’s functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

### (c) Significant accounting estimates and judgements

Significant areas of estimation, uncertainty and critical judgements in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following notes:

- (i) Revenue and cost of sales recognition (Note 3 and 4) – the Company recognises property development revenue and cost of sales by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion of development costs incurred for work performed to-date bears to the estimated total property development costs. Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits/(loss) recognised.
- (ii) Tax expense (Note 7) – significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.
- (iii) Depreciation of property, plant and equipment and biological assets (Note 9 and 11) – the cost of property, plant and equipment and biological assets is depreciated or amortised on a straight line basis over the assets’ useful lives. Management estimates the useful lives of these property, plant and equipments to be within 5 to 50 years and biological assets to be 20 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation or amortisation charges.
- (iv) Impairment of goodwill (Note 10) – significant judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units which involve uncertainties and are based on assumptions used and judgement made regarding estimates of future cash flows and discount rate.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 1. Basis of preparation (continued)

### (c) Significant accounting estimates and judgements (continued)

- (v) Fair value of investment properties (Note 13) – the measurement of the fair value for investment properties performed by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, investment method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalized at market derived yields to arrive at the present value of the property, and cost method of valuation. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the Group's investment properties.
- (vi) Deferred tax assets (Note 17) – deferred tax assets are recognised for deductible temporary differences in respect of expenses, unutilised tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.
- (vii) Impairment loss on receivables (Note 18) – the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. 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 the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.
- (viii) Inventories (Note 20) – the saleability of inventories are reviewed by management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.
- (ix) Provision of post-employment benefit obligations (Note 25) – the provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, this estimated provision amount is subject to significant uncertainty.

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

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

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (i) Subsidiaries (continued)

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

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- Any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

#### (ii) Accounting for business combinations

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

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

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group and continue to consolidate until the date that such control ceases.

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

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (ii) Accounting for business combinations (continued)

##### **Acquisition on or after 1 October 2011**

For acquisition on or after 1 October 2011, the Group measures goodwill at the acquisition date as:-

- i) The fair value of the consideration transferred; plus
- ii) The recognised amount of any non-controlling interests in the acquiree; plus
- iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- iv) The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a gain on bargain purchase is recognised immediately in profit or loss.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

##### **Acquisition between 1 October 2006 and 30 September 2011**

For acquisition between 1 October 2006 and 30 September 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. Any excess of the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired over the cost of acquisition is recognised immediately in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

##### **Acquisitions prior to 1 October 2006**

For acquisition prior to 1 October 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

#### (iii) Non-controlling interests

Non-controlling interests are the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly through subsidiaries, and are presented in the consolidated statement of financial position and consolidated statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the financial year between non-controlling interests and the equity shareholders of the Company.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (iii) Non-controlling interests (continued)

The interests of non-controlling shareholders may be initially measured either at fair value at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All losses attributable to the non-controlling interests are allocated to the minority shareholders even if the losses exceed the non-controlling interests in the subsidiary's equity.

#### (iv) Changes in group composition

The Group treats changes in the group composition that do not result in a loss of control as equity transaction between the Group and the minority shareholders. Any difference between the Group's shares of net assets before and after the change, and any consideration received or paid, is recognised directly in equity and attributed to owners of the Company.

Upon the loss of control of a subsidiaries, the Group derecognised the assets and liabilities of the subsidiaries, any non-controlling interests and the other components of equity related to the subsidiaries. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiaries, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (v) Transactions eliminated on consolidation

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

### (b) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not in control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investment) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Should the associate subsequently report profits, the Group will only resume to recognise its share of profits after its share of profits equals to the share of losses previously not recognised.

Where the audited financial statements of the associates are not co-terminous with those of the Group, the share of results is based on the audited financial statements, or unaudited financial statements of the associates made up to the financial year end of the Group.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (b) Associates (continued)

Investments in associates are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

### (c) Foreign currency

#### (i) Foreign currency transactions

Transactions in currencies other than the Group entities' functional currency (foreign currencies) are translated into the Group entities' functional currency at the rates of exchange ruling at the time of the transaction date. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation of monetary items are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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

#### (ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- (i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- (ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- (iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiaries is taken to the consolidated statement of comprehensive income.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (c) Foreign currency (continued)

#### (iii) Principal exchange rate

	Financial year end rates		Average rates	
	2014 RM	2013 RM	2014 RM	2013 RM
Indonesian rupiah (IDR'000)	0.2690	0.2790	0.2754	0.3126
Chinese Renmimbi (RMB)	0.5323	0.5324	0.5230	0.5063

### (d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### (i) Development properties

Revenue from development properties sold is recognised on the percentage of completion method when the outcome of the property development projects can be reliably estimated. The stage of completion is measured by the proportion that development costs incurred for work performed to-date bear to the estimated total development costs for units sold. Where foreseeable losses on development properties are anticipated, full allowance of those losses is made in the financial statements.

Revenue from the sale of completed development properties and land held for development are measured at fair value of the consideration received or receivable net of trade discounts and rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of properties can be estimated reliably, and there is no continuing management involvement with the properties.

#### (ii) Investment properties

Revenue from sale of investment properties is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the properties.

#### (iii) Goods sold

Revenue from sales of goods, crude palm oil and palm kernel is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods and customer acceptance, if any, when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (iv) Services

Revenue from services is recognised as and when services are rendered.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (d) Revenue recognition (continued)

#### (v) Entrance and subscription fees

Entrance and subscription fees received from club members are recognised on an accrual basis. When members account become inactive, subscription fee is suspended until it is realised on a cash basis. Members' accounts are deemed to be inactive where subscriptions are in arrears for more than 6 months.

#### (vi) Rental income

Rental income is recognised on a straight line basis over the lease terms. The aggregate cost of incentives provided to lessee is requested as a reduction of rental income over the lease term on the straight line basis.

#### (vii) Interest income

Interest income from deposits with licensed banks and contract revenue under deferred payment term is recognised on an accrual basis using the effective interest method.

Interest income from hire purchase financing, housing loan and term loan are recognised on an accrual basis as follows:

- (i) interest earned on hire purchase financing is recognised using the 'sum-of-digits' method so as to produce a constant periodic rate of interest on the balance for each period. Unearned interest is deducted in arriving at the net balance of the hire purchase debts; and
- (ii) interest earned on housing loan and term loan is calculated on a monthly rest basis.

#### (viii) Dividend income

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

#### (ix) Income from fixed income fund

Income from fixed income fund is recognised when the right to receive payment is established.

### (e) Employee benefits

#### (i) Short term employee benefits

Short term employee benefit obligation in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees Provident Fund or other defined contributable plans are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (e) Employee benefits (continued)

#### (ii) Defined benefit plans

A subsidiary of the Company operates an unfunded defined benefit scheme. The subsidiary's net obligation under the scheme is determined by estimating the amount of benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine the present value of the liability. The subsidiary's obligation is calculated using the projected unit credit method.

Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefits plans in personnel expenses in profit or loss.

#### (iii) Retirement gratuity scheme

The Company established a retirement gratuity scheme in 2005 for certain Executive Directors of the Company. The amount of retirement gratuity payable is determined by the Board of Directors in relation to the past services rendered and it does not account for the director's services to be rendered in later years up to retirement. The retirement gratuity is calculated based on the last drawn monthly salaries of the eligible directors and contribution to Employees Provident Fund for three years. The retirement gratuity payable is vested upon the directors reaching retirement age and is classified as current liabilities.

### (f) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

### (g) Leases - The Group as lessee

#### (i) Finance leases

Leases of property, plant and equipment where the Group and the Company assume substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (g) Leases - The Group as lessee (continued)

#### (ii) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis. The up-front payment for lease of land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

### (h) Leases - The Group as lessor

#### (i) Finance leases

Leases where the Group transfers substantially all the risks and rewards of ownership of the asset are classified as finance leases. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest earned on hire purchase or finance lease financing is recognised using the 'sum-of-digits' method so as to produce a constant periodic rate of interest on the balance for each period. Unearned interest is deducted in arriving at the net balance of the hire purchase or finance lease debts.

#### (i) Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantially enacted by the reporting date and any adjustments recognised for prior financial years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (j) Property, plant and equipment

#### (i) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment except for freehold land and buildings are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at valuation, which is the fair value at the date of valuation, less impairment loss, if any. Buildings are stated at valuation, which is the fair value at the date of the valuation, less accumulated depreciation and impairment loss, if any.

The Group revalues its property comprising land and building every five years from the last date of valuation and at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

Surplus arising from revaluation are transferred to revaluation reserve. Any deficits are offset against the unutilised previously recognised revaluation surplus to the extent of a previous increase for the same property and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any unutilised revaluation reserve relating to the particular asset is transferred to retained earnings.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

#### (ii) Reclassification to investment properties

When the use of a property changes from owner-occupied to investment property, it is remeasured to fair value and reclassified as investment property. Any gain arising from remeasurement is recognised in equity. Any loss arising from remeasurement is recognised in profit or loss.

#### (iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

#### (iv) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until these assets are ready for their intended use.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (j) Property, plant and equipment (continued)

#### (iv) Depreciation (continued)

The principal annual rates for the current and comparative financial years are as follows:

Long term leasehold land	Over 78 to 99 years
Buildings	2% to 12.5%
Motor vehicles, plant and machinery	10% to 20%
Furniture, fittings and equipment	10% to 20%
Plantation infrastructure	12.5%

The initial cost of operating equipment comprising of linen, crockery and related items are treated as base inventories and depreciated over a period of 5 years. Subsequent replacements are written off in the profit or loss as and when incurred.

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

### (k) Intangible assets

#### (i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

The goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost and is not amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

Goodwill is allocated to cash generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

#### (ii) Other intangible assets

Other intangible assets acquired by the Group are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (k) Intangible assets (continued)

#### (ii) Other intangible assets (continued)

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level.

### (l) Biological assets

This represents plantation development expenditure consisting of cost incurred on land preparation and planting and upkeep of oil palm trees to maturity which are initially recognised at cost. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss and the capitalised expenditure is amortised on a straight-line basis over the estimated productive years of the plantation of 20 years from the date of maturity.

### (m) Investment properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies within the Group are accounted for as owner's occupied rather than as investment properties.

All investment properties are measured initially and subsequently at fair value with any change therein recognised in profit or loss.

When an item of inventory or land held for property development is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in profit or loss.

An external, independent valuer, having appropriate professional qualifications and experience, values the Group's investment property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, investment method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalized at market derived yields to arrive at the present value of the property, direct comparison method, being comparison of transactions and asking prices of similar properties in the locality and adjusting for location, terrain, size, present market trends and other differences, and cost method of valuation.

Investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (n) Land held for property development

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

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

### (o) Impairment of non-financial assets

The carrying amounts of non-financial assets other than investment properties measured at fair value, deferred tax assets, inventories, assets arising from construction contracts, property development cost and non-current assets (or disposal groups) classified as held for sale are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost of disposal and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to.

An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount. An impairment loss is recognised as an expense in profit or loss except for assets that are previously revalued and where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

### (p) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land, construction costs and other development costs including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in profit or loss by reference to the stage of completion of development activities at the reporting date.

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

Any expected loss on a development project, including costs to be incurred over the defect 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.

Accrued billings within receivables represent the excess of revenue recognised in profit or loss over billings to purchasers. Progress billings within payables represent the excess of billings to purchasers over revenue recognised in profit or loss.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (q) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the specific identification, first-in first-out and weighted average principles, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods cost includes raw materials, direct labour and an appropriate production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

Cost of completed development properties is determined on specific identification basis and includes land, construction and appropriate development overheads.

### (r) Construction contracts

Construction contracts are measured at contract cost plus profit recognised to date less progress billing and recognised losses. Contract cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

When the cost incurred on construction contract plus profit recognised to date less recognised losses exceeds progress billings, the balance is classified as amounts due from customers on contracts. When progress billings exceed cost incurred plus recognised profits to date less recognised losses, the balance is classified as amounts due to customers on contracts.

### (s) Non-current assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

### (t) Financial assets

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

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

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

#### (i) Financial assets at FVTPL

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

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (t) Financial assets (continued)

#### (i) Financial assets at FVTPL (continued)

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (ii) Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

The Group and the Company classify the following financial assets as loans and receivables:

- cash and cash equivalents, except for bank overdraft; and
- trade and other receivables, including amount due from subsidiaries and deposits.

#### (iii) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in financial assets at FVTPL, held-to-maturity investments and loans and receivables.

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 and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on 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

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (t) Financial assets (continued)

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

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

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

### (u) Impairment of financial assets

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

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

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

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

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

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

#### (ii) Available-for-sale Financial Assets

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

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (u) Impairment of financial assets (continued)

#### (ii) Available-for-sale Financial Assets (continued)

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

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### (v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term highly liquid investments which are subject to an insignificant risk of changes in value. For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### (w) Share capital

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

### (x) Warrant reserve

Proceeds from the issuance of warrants, net of issue cost, are credited to warrants reserve which is non-distributable as cash dividend. Warrants reserve is transferred to the share premium account upon the exercise of warrant and the warrant reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

### (y) Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### (i) Other financial liabilities

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

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

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (y) Financial liabilities (continued)

#### (i) Other financial liabilities (continued)

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

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

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

#### (z) Financial guarantee contracts

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

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

#### (aa) Governments grants

Government grants relating to the purchase of assets are treated as deferred income and are credited to profit or loss on the straight line basis over the expected lives of the related assets.

#### (ab) Provisions

A provision is recognised if, as a result of a past event, the Group has present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### (ac) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities or assets are not recognised in the statements of financial positions.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 2. Significant accounting policies (continued)

### (ad) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

### (ae) Fair value measurement

From 1 October 2013, the Group adopted FRS 13, Fair Value Measurement which prescribes that fair value of an asset or liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market which must be accessible to by the Group.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Group had determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 3. Revenue

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Attributable revenue from sales of uncompleted development properties and sales of completed development properties	528,633,203	477,012,215	-	-
Dividend income from subsidiaries	-	-	77,452,174	97,562,501
Interest income from money lending	62,234	896,745	-	-
Rental income	900,942	902,249	-	-
Rental income from investment properties	28,662,434	25,504,584	-	-
Revenue from hotel operations	4,866,810	4,874,628	-	-
Sales of goods	69,258,666	76,567,374	-	-
Sales of land held for property development	439,598	-	-	-
Sales of non-current assets classified as held for sale	7,754,159	-	-	-
Sales of crude palm oil and palm kernel	164,753,373	101,146,703	-	-
Services rendered	1,190,192	1,314,939	-	-
	806,521,611	688,219,437	77,452,174	97,562,501

Group revenue excludes intra-group transactions.

## 4. Cost of sales

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Attributable property development costs and cost of completed development properties sold	364,037,387	299,850,477	-	-
Cost of land held for property development	5,687	-	-	-
Cost of non-current assets classified as held for sale	1,249,070	-	-	-
Direct operating expenses from investment properties generating rental income	9,001,224	7,606,687	-	-
Cost of goods sold	65,275,330	73,485,626	-	-
Cost of services	1,351,361	1,273,620	-	-
Cost of sales of crude palm oil and palm kernel	84,671,696	57,820,760	-	-
	525,591,755	440,037,170	-	-

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 5. Profit before tax

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Profit before tax is arrived at after charging:</b>				
Amortisation of prepaid lease payments	775,984	776,535	-	-
Amortisation of biological assets	8,597,062	5,174,149	-	-
Auditors' remuneration				
- Audit services	369,004	316,641	50,000	48,000
- Other services by auditors of the Company	18,600	17,800	18,600	17,800
Bad debts written off	25,879	-	-	-
Deposits written off	580	-	-	-
Depreciation of property, plant and equipment	10,871,195	7,966,882	19,501	20,698
Loss on disposal of property, plant and equipment	-	109,010	-	-
Loss on deposits measured at amortised cost	-	492,364	-	-
Interest expense				
- loans and borrowings	27,359,797	15,268,576	701,756	2,809,487
- unwinding of discount	10,636,260	2,194,486	-	-
Inventories written off	-	15,484	-	-
Impairment loss on:				
- trade receivables	51,305	-	-	-
- other receivables	13,384	27,306	3,800	-
Net loss on foreign exchange - realised	1,282,149	17,825,429	146	1,441,062
- unrealised	18,235,198	50,957,196	-	-
Personnel expenses (including key management personnel)				
- Contributions to Employees Provident Fund	5,318,644	4,263,535	-	-
- Provision for post-employment benefit obligations	2,181,409	2,055,374	-	-
- Provision for retirement gratuity	2,822,400	241,920	-	-
- Wages, salaries and others	45,294,601	36,278,182	306,965	240,311
Property, plant and equipment written off	235,144	4,406	1	1
Rental of motor vehicles, equipment and machinery	34,956	25,858	-	-
Rental of premises	1,371,820	1,560,809	-	-
<b>and after crediting:</b>				
Bad debts recovered	941	-	-	-
Gain on bargain purchase on acquisition of subsidiaries	-	31,170,197	-	-
Changes in fair value of investment properties	22,196,624	3,810,700	-	-
Dividend income (gross)	-	-	77,452,174	97,562,501
Gain on disposal of land held for property development	433,911	-	-	-
Gain on disposal of non-current assets classified as held for sale	6,505,089	-	-	-

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 5. Profit before tax (continued)

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
<b>and after crediting: (continued)</b>				
Gain on disposal of property, plant and equipment	81,215	-	-	-
Gain on transfer of property development costs to investment properties	1,819,526	-	-	-
Interest income				
- advances to subsidiaries	-	-	6,181,651	7,492,091
- bank balances, term deposits and fixed income funds	2,660,918	2,058,507	38,991	34,191
- accretion of interest	133,078	1,988,406	-	-
Rental income on land and buildings	29,669,897	26,542,873	-	-
Reversal of impairment loss on:				
- loan and finance lease receivables	121,514	61,575	-	-
- investment in subsidiary	-	-	13,824,877	-
- trade receivables	22,584	27,050	-	-
- other receivables	235,624	679,601	9,000	62,500

## 6. Directors' remuneration

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
<b>Directors of the Company</b>				
Executive Directors				
- Other emoluments *	17,766,861	12,859,738	-	-
- Estimated monetary value of benefits-in-kind	97,372	100,581	-	-
	17,864,233	12,960,319	-	-
Non-Executive Directors				
- Fees	250,000	210,000	250,000	210,000
- Other emoluments	103,790	91,160	27,000	16,500
- Estimated monetary value of benefits-in-kind	-	5,300	-	-
	353,790	306,460	277,000	226,500
	18,218,023	13,266,779	277,000	226,500
<b>Directors of subsidiaries</b>				
Executive Directors				
- Other emoluments	2,970,728	2,256,436	-	-
- Estimated monetary value of benefits-in-kind	12,629	13,919	-	-
	2,983,357	2,270,355	-	-
	21,201,380	15,537,134	277,000	226,500

\* Includes provision for retirement gratuity of the Group amounting to RM2,822,400 (2013: RM241,920 ) for certain eligible directors of the Company.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 7. Tax expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Current tax expense</b>				
Malaysian - current financial year	33,340,690	36,704,189	1,523,800	15,253,500
- prior financial year	(191,350)	328,103	33,392	43,996
Overseas - current financial year	195,445	54,197	-	-
	33,344,785	37,086,489	1,557,192	15,297,496
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	9,914,192	(7,563,779)	32,600	1,836
Over provision in prior financial year	(321,470)	(2,217,022)	-	(24,761)
	9,592,722	(9,780,801)	32,600	(22,925)
Total tax expense recognised in profit or loss	42,937,507	27,305,688	1,589,792	15,274,571
Deferred tax related to other comprehensive income				
- Exchange differences on monetary item that form part of net investment in foreign subsidiary	-	(30,000)	-	-
	-	(30,000)	-	-

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 7. Tax expense (continued)

### Reconciliation of effective tax expense

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
Profit before tax	162,559,994	134,453,270	94,743,099	99,130,351
Tax calculated using Malaysian tax rate of 25%	40,640,000	33,613,300	23,685,800	24,782,600
Share of results of an associate	(695,961)	(2,578,400)	-	-
Non-taxable income	(1,697,865)	(11,839,300)	(22,819,200)	(10,472,500)
Non-deductible expenses	5,511,343	9,969,916	660,000	945,236
Effect of changes in tax rate				
- income tax	(1,633,290)	-	29,800	-
- real property gains tax	4,884,900	-	-	-
Deferred tax recognised at different rate	(3,614,900)	-	-	-
Deferred tax assets not recognised during the financial year	28,400	29,091	-	-
Utilisation of deferred tax assets not recognised in prior financial years	(11,500)	-	-	-
(Over)/Under provision in prior financial years				
- Current tax expense	(191,350)	328,103	33,392	43,996
- Deferred tax expense	(321,470)	(2,217,022)	-	(24,761)
- Real property gain tax ("RPGT")	39,200	-	-	-
Tax expense	42,937,507	27,305,688	1,589,792	15,274,571

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. Effective from 1 January 2014, the RPGT has been revised in the following manner:

- disposal within 3 years of acquisition - 30%
- disposal in fourth year of acquisition - 20%
- disposal in fifth year of acquisition - 15%
- disposal after 5 years of acquisition - 5%

The computation of deferred tax as at 30 September 2014 has reflected these changes.

The Group has estimated unutilised tax losses of RM48,570,500 (2013: RM77,221,600), and unabsorbed capital allowances of RM49,400 (2013: RM68,500) carried forward, available for set-off against future taxable profits.

During the financial year, the Group utilised its brought forward unutilised tax losses and unabsorbed capital allowance to set off against its chargeable income resulting in a tax saving of approximately RM264,000 (2013: RM632,500).

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 8. Earnings and net assets per share

### Basic earnings per share

The basic earnings per share is calculated by dividing the Group profit attributable to shareholders by the weighted average number of ordinary shares of RM1/- each in issue during the financial year.

The previous financial year's basic earnings per share has been restated based on the weighted average number of shares of 410,475,713 ordinary shares in issue during the previous financial year after taking into consideration the effect of the bonus issue of 69,898,293 ordinary shares of RM1/- each during the financial year.

Basic earnings per share are calculated based on the following information:

	2014 RM	Group 2013 RM
Profit attributable to shareholders	104,684,461	103,969,591

	2014	2013 (Restated)
Weighted average number of ordinary shares in issue during the financial year	419,252,632	410,475,713
Basic earnings per share (sen)	24.97	25.33

### Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the Group's net profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. warrants. A calculation is done to determine the number of shares that could have been acquired at market price based on the monetary value of the subscription rights attached to the outstanding warrants.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 8. Earnings and net assets per share (continued)

### Diluted earnings per share (continued)

	2014 RM	Group 2013 RM
Profit attributable to shareholders	104,684,461	103,969,591
	2014	2013 (Restated)
Weighted average number of ordinary shares in issue during the financial year	419,252,632	410,475,713
Adjustments for warrants	14,512,698	499,120
Weighted average number of ordinary shares for diluted earnings	433,765,330	410,974,833
Diluted earnings per share (sen)	24.13	25.30

Since the end of the financial year, 13,017 warrants have been exercised to acquire 13,017 ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

### Net assets per share

The net assets per share is calculated by dividing the total equity attributable to shareholders by the number of ordinary shares in issue as at the reporting date after taking into consideration the bonus issue of 69,898,293 ordinary shares of RM1/- each issued during the financial year.

The previous financial year's net assets per share has been restated based on the number of shares of 419,103,986 ordinary shares in issue at the end of the previous financial year after taking into consideration the effect of the bonus issue during the financial year.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 9 Property, plant and equipment

Group 2014	Freehold Land RM	Long term Leasehold Land RM	Buildings RM	Motor Vehicles, Plant & Machinery RM	Furniture, Fittings & Equipment RM	Plantation Infrastructure RM	Under Construction RM	Total RM
<b>Cost/Valuation</b>								
At 1 October 2013	9,610,000	5,600,000	81,410,429	38,262,089	15,196,867	33,000,293	11,276,131	194,355,809
Additions	-	-	-	5,542,755	2,162,723	-	18,693,886	26,399,364
Disposals	-	-	-	(637,590)	(3,899)	-	-	(641,489)
Written off	-	-	-	(354,282)	(34,430)	-	-	(388,712)
Reclassification	-	-	3,206,189	-	-	5,644,983	(8,851,172)	-
Effect of movements in exchange rates	-	-	(1,561,674)	(1,036,917)	(132,445)	(1,193,279)	(422,423)	(4,346,738)
At 30 September 2014	9,610,000	5,600,000	83,054,944	41,776,055	17,188,816	37,451,997	20,696,422	215,378,234
<b>Accumulated Depreciation</b>								
At 1 October 2013	-	213,333	6,288,241	14,962,856	6,532,634	3,066,504	-	31,063,568
Charge for the financial year *	-	71,111	3,562,932	5,328,170	1,807,705	1,554,342	-	12,324,260
Disposals	-	-	-	(637,305)	(975)	-	-	(638,280)
Written off	-	-	-	(120,282)	(33,286)	-	-	(153,568)
Effect of movements in exchange rates	-	-	(133,490)	(781,588)	(30,717)	(112,795)	-	(1,058,590)
At 30 September 2014	-	284,444	9,717,683	18,751,851	8,275,361	4,508,051	-	41,537,390
<b>Net Carrying Amount</b>								
At 30 September 2014	9,610,000	5,315,556	73,337,261	23,024,204	8,913,455	32,943,946	20,696,422	173,840,844

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 9 Property, plant and equipment (continued)

Group 2013	Freehold Land RM	Long term Leasehold Land RM	Buildings RM	Motor Vehicles, Plant & Machinery RM	Furniture, Fittings & Equipment RM	Plantation Infrastructure RM	Under Construction RM	Total RM
<b>Cost/Valuation</b>								
At 1 October 2012	9,610,000	5,600,000	73,480,993	38,586,635	13,280,247	33,072,033	12,004,808	185,634,716
Additions	-	-	-	4,313,434	2,528,467	-	17,467,388	24,309,289
Disposals	-	-	-	(930,455)	(66,900)	-	-	(997,355)
Written off	-	-	(53,742)	(57,848)	(90,975)	-	-	(202,565)
Reclassification	-	-	12,287,269	-	-	4,337,316	(16,624,585)	-
Effect of movements in exchange rates	-	-	(4,304,091)	(3,649,677)	(453,972)	(4,409,056)	(1,571,480)	(14,388,276)
At 30 September 2013	9,610,000	5,600,000	81,410,429	38,262,089	15,196,867	33,000,293	11,276,131	194,355,809
<b>Accumulated Depreciation</b>								
At 1 October 2012	-	142,222	3,533,150	11,517,111	5,152,931	1,880,366	-	22,225,780
Charge for the financial year *	-	71,111	3,028,265	4,807,629	1,590,209	1,485,881	-	10,983,095
Disposals	-	-	-	(386,091)	(62,476)	-	-	(448,567)
Written off	-	-	(5,038)	(54,640)	(89,777)	-	-	(149,455)
Effect of movements in exchange rates	-	-	(268,136)	(921,153)	(58,253)	(299,743)	-	(1,547,285)
At 30 September 2013	-	213,333	6,288,241	14,962,856	6,532,634	3,066,504	-	31,063,568
Impairment Loss								
At 1 October 2012	-	-	53,651	-	-	-	-	53,651
Written off	-	-	(48,704)	-	-	-	-	(48,704)
Effect of movements in exchange rates	-	-	(4,947)	-	-	-	-	(4,947)
At 30 September 2013	-	-	-	-	-	-	-	-
<b>Net Carrying Amount</b>								
At 30 September 2013	9,610,000	5,386,667	75,122,188	23,299,233	8,664,233	29,933,789	11,276,131	163,292,241

\* Included in depreciation charge for the financial year is an amount of RM1,453,065 (2013: RM3,016,214) capitalised in biological assets.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 9 Property, plant and equipment (continued)

The freehold and leasehold land and buildings stated at valuation were revalued by the directors in September 2010 based on independent professional valuation on the market value basis using the cost method of valuation or direct comparison method.

Group	Freehold Land	Long term Leasehold Land	Buildings	Motor Vehicles, Plant & Machinery	Furniture, Fittings & Equipment	Plantation Infrastructure	Construction	Under	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>2014</b>									
<b>Analysis of Cost and Valuation</b>									
At valuation - 2010	9,610,000	5,600,000	38,054,670	-	-	-	-	-	53,264,670
At cost	-	-	45,000,274	41,776,055	17,188,816	37,451,997	20,696,422	20,696,422	162,113,564
	9,610,000	5,600,000	83,054,944	41,776,055	17,188,816	37,451,997	20,696,422	20,696,422	215,378,234
<b>Net Carrying Amount</b>									
At valuation - 2010	9,610,000	5,315,556	34,610,065	-	-	-	-	-	49,535,621
At cost	-	-	38,727,196	23,024,204	8,913,455	32,943,946	20,696,422	20,696,422	124,305,223
	9,610,000	5,315,556	73,337,261	23,024,204	8,913,455	32,943,946	20,696,422	20,696,422	173,840,844
<b>2013</b>									
<b>Analysis of Cost and Valuation</b>									
At valuation - 2010	9,610,000	5,600,000	38,056,490	-	-	-	-	-	53,266,490
At cost	-	-	43,353,939	38,262,089	15,196,867	33,000,293	11,276,131	11,276,131	141,089,319
	9,610,000	5,600,000	81,410,429	38,262,089	15,196,867	33,000,293	11,276,131	11,276,131	194,355,809
<b>Net Carrying Amount</b>									
At valuation - 2010	9,610,000	5,386,667	35,471,770	-	-	-	-	-	50,468,437
At cost	-	-	39,650,418	23,299,233	8,664,233	29,933,789	11,276,131	11,276,131	112,823,804
	9,610,000	5,386,667	75,122,188	23,299,233	8,664,233	29,933,789	11,276,131	11,276,131	163,292,241

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 9. Property, plant and equipment (continued)

	Freehold Land RM	Buildings RM	Furniture, Fittings & Equipment RM	Total RM
<b>Company</b>				
<b>2014</b>				
<b>Cost/Valuation</b>				
At 1 October 2013	110,000	465,000	85,065	660,065
Written off	-	-	(5,769)	(5,769)
At 30 September 2014	110,000	465,000	79,296	654,296
<b>Accumulated Depreciation</b>				
At 1 October 2013	-	28,422	39,548	67,970
Charge for the financial year	-	9,490	10,011	19,501
Written off	-	-	(5,768)	(5,768)
At 30 September 2014	-	37,912	43,791	81,703
<b>Net Carrying Amount</b>				
At 30 September 2014	110,000	427,088	35,505	572,593
<b>2013</b>				
<b>Cost/Valuation</b>				
At 1 October 2012	110,000	465,000	91,664	666,664
Written off	-	-	(6,599)	(6,599)
At 30 September 2013	110,000	465,000	85,065	660,065
<b>Accumulated Depreciation</b>				
At 1 October 2012	-	18,932	34,938	53,870
Charge for the year	-	9,490	11,208	20,698
Written off	-	-	(6,598)	(6,598)
At 30 September 2013	-	28,422	39,548	67,970
<b>Net Carrying Amount</b>				
At 30 September 2013	110,000	436,578	45,517	592,095

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 9. Property, plant and equipment (continued)

	Freehold Land RM	Buildings RM	Furniture, Fittings & Equipment RM	Total RM
<b>Company 2014</b>				
<b>Analysis of Cost and Valuation</b>				
At valuation - 2010	110,000	465,000	-	575,000
At cost	-	-	79,296	79,296
	110,000	465,000	79,296	654,296
<b>Net Carrying Amount</b>				
At valuation - 2010	110,000	427,088	-	537,088
At cost	-	-	35,505	35,505
	110,000	427,088	35,505	572,593

<b>Company 2013</b>				
<b>Analysis of Cost and Valuation</b>				
At valuation - 2010	110,000	465,000	-	575,000
Additions	-	-	85,065	85,065
	110,000	465,000	85,065	660,065
<b>Net Carrying Amount</b>				
At valuation - 2010	110,000	436,578	-	546,578
At cost	-	-	45,517	45,517
	110,000	436,578	45,517	592,095

The net carrying amount of revalued assets had they been carried at cost would have been as follows:

	2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Freehold land	666,424	666,424	110,000	110,000
Long term leasehold land	1,029,214	1,042,983	-	-
Buildings	24,955,808	25,645,013	411,700	420,900
	26,651,446	27,354,420	521,700	530,900

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 9. Property, plant and equipment (continued)

Included in the above property, plant and equipment are:

(a) Motor vehicles, plant and machinery analysed as follows:

	Motor Vehicles RM	Plant & Machinery RM	Total RM
<b>Group 2014</b>			
Cost	10,868,072	30,907,983	41,776,055
Accumulated depreciation	(6,596,793)	(12,155,058)	(18,751,851)
Net carrying amount	4,271,279	18,752,925	23,024,204
<b>2013</b>			
Cost	9,512,385	28,749,704	38,262,089
Accumulated depreciation	(6,054,385)	(8,908,471)	(14,962,856)
Net carrying amount	3,458,000	19,841,233	23,299,233

(b) Property, plant and equipment pledged as security for bank guarantee and credit facilities granted to certain subsidiaries as mentioned in Note 27 as follows:

	2014 RM	Group 2013 RM
<b>Cost/Valuation</b>		
Buildings	24,800,000	24,800,000
<b>Net Carrying Amount</b>		
Buildings	22,643,480	23,182,610

(c) Motor vehicles and plant and machinery under finance lease arrangements are as follows:

	2014 RM	Group 2013 RM
Cost	9,761,037	7,151,991
Net Carrying Amount	5,541,410	4,861,400

(d) Property, plant and equipment under construction  
These are in respect of construction of buildings, plant and machinery in oil palm plantation.

(e) The long term leasehold land of the Group has remaining unexpired lease period of more than 50 years.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 10. Goodwill

	2014 RM	Group 2013 RM
<b>At cost:</b>		
Goodwill on acquisition		
At 1 October 2013/2012	5,035,093	5,755,293
In respect of acquisition of a subsidiary	2,369	-
Effect of movements in exchange rate	(175,658)	(720,200)
At 30 September	4,861,804	5,035,093
Less: Accumulated impairment losses	(104,228)	(104,228)
	4,757,576	4,930,865

### Impairment test of goodwill

Goodwill on acquisition is allocated to the Group's cash-generating units ("CGUs"), business segments as follows:

	2014 RM	Group 2013 RM
Plantation	4,725,207	4,900,865
Property development	32,369	30,000
	4,757,576	4,930,865

The goodwill allocated to property development segment is not significant in comparison with the Group's total carrying amount of goodwill.

Key assumptions used in the value-in-use calculations based on a twenty-year cash flow projection in respect of impairment test for goodwill on the plantation segment are:

- (i) discount rate of 11.5% (2013: 11.5%) which is pre-tax and reflected specific risks of the plantation segment in Indonesia;
- (ii) oil palm trees with an average life of 25 (2013: 25) years with the first three years as immature and remaining years as mature which is the average life cycle of the trees;
- (iii) Crude Palm Oil ("CPO") average selling price of RM2,300 (2013: RM2,500) per metric tonne based on the management's estimate;
- (iv) Average CPO extraction rate of 22% (2013: 22%) based on the industry trend and past performance; and
- (v) Average annual oil palm yield per hectare of 7 to 32 (2013: 7 to 32) metric tonnes based on management's estimate and historic yield.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of the goodwill to materially exceed its recoverable amounts.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 11. Biological assets

	2014 RM	Group 2013 RM
<b>At cost:</b>		
At 1 October 2013/2012	217,596,351	210,399,807
Additions	23,284,172	36,014,021
Amortisation for the financial year	(8,597,062)	(5,174,149)
Effect of movements in exchange rate	(8,360,286)	(23,643,328)
At 30 September	223,923,175	217,596,351

Biological assets represent the plantation development expenditure for oil palm in Indonesia.

Expenses capitalised during the financial year include the following:

	2014 RM	Group 2013 RM
Depreciation	1,453,065	3,016,214
Interest capitalised	5,660,963	8,741,069
Personnel expenses		
- Wages, salaries and others	3,062,520	3,087,687

The interest on borrowing for the financial year is capitalised at rates ranging from 5.50% to 6.30% (2013: 5.10% to 6.10%) per annum.

The biological assets have been pledged as security for credit facilities granted to a subsidiary and the Company as mentioned in Note 27.

## 12. Prepaid lease payments

	2014 RM	Group 2013 RM
At 1 October 2013/2012	28,226,040	29,145,231
Amortisation for the financial year	(775,984)	(776,535)
Effect of movements in exchange rate	(108,099)	(142,656)
At 30 September	27,341,957	28,226,040

The above is short term leasehold land with remaining unexpired lease period of less than 50 years.

The short term leasehold land of RM24,056,934 (2013: RM24,845,164) is pledged as security for credit facilities granted to the Group as disclosed in Note 27.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 13. Investment properties

	2014			2013		
	Completed investment property RM	Investment property under construction ("IPUC") RM	Total RM	Completed investment property RM	Investment property under construction ("IPUC") RM	Total RM
<b>At fair value/cost</b>						
At 1 October 2013/2012	232,387,700	31,216,952	263,604,652	228,577,000	9,104,393	237,681,393
Additions	-	5,539,724	5,539,724	-	22,112,559	22,112,559
Transfer from property development costs (Note 19)	6,282,474	-	6,282,474	-	-	-
Gain on transfer of property development costs to investment properties	1,819,526	-	1,819,526	-	-	-
Reclassification	36,756,676	(36,756,676)	-	-	-	-
Changes in fair values	22,196,624	-	22,196,624	3,810,700	-	3,810,700
At 30 September	299,443,000	-	299,443,000	232,387,700	31,216,952	263,604,652

Included in the above are:

	2014 RM	Group 2013 RM
<b>Freehold land and buildings</b>		
Freehold land		
- at fair value	42,800,000	23,300,000
Buildings		
- at fair value	54,673,000	13,017,700
	97,473,000	36,317,700
<b>Leasehold land and buildings</b>		
Leasehold land		
- at fair value	61,800,000	59,250,000
- unexpired lease period of more than 50 years		
Buildings	140,170,000	136,820,000
- at fair value		
	201,970,000	196,070,000
<b>IPUC</b>		
Freehold land		
- fair value	-	7,930,181
Buildings under construction		
- at cost	-	23,286,771
	-	31,216,952
	299,443,000	263,604,652

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 13. Investment properties (continued)

This IPUC buildings was carried at cost as the management believes that due to the nature and amount of remaining project risks, its fair value cannot be reliably determined.

Fair value measurement disclosures for investment properties are stated in Note 40.

Included in the above are land and buildings amounting to RM249,473,000 (2013: RM223,534,652) pledged for credit facilities granted to subsidiaries as mentioned in Note 27.

## 14. Investment in subsidiaries

	2014 RM	Company 2013 RM
At cost:		
Unquoted shares		
Ordinary shares	403,992,902	397,580,100
Redeemable convertible preference shares ("RCPS")	279,500,000	255,000,000
Less: Accumulated impairment loss		
At 1 October 2013/2012	(16,649,091)	(16,649,091)
Reversal of impairment loss for the financial year	13,824,877	-
At 30 September	(2,824,214)	(16,649,091)
	680,668,688	635,931,009

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Proportion of ownership interest/ voting rights 2014 2013	
^ Achieve Acres Sdn. Bhd.	Malaysia	Property development	100%	-
Aliran Perkasa Sdn. Bhd.	Malaysia	Property development	100%	100%
~ *Budi Bidara Sdn. Bhd.	Malaysia	Property development	100%	100%
Dapat Jaya Builder Sdn. Bhd.	Malaysia	Building and civil works contracting and project management services	100%	100%
∞ Danau Saujana Sdn. Bhd.	Malaysia	Property development	100%	-
Detik Merdu Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Everland Asia Development Sdn. Bhd.	Malaysia	Property development	100%	100%
* Gabung Wajib Sdn. Bhd.	Malaysia	Property development	100%	100%
Gerak Teguh Sdn. Bhd.	Malaysia	Property development	100%	100%
GK Resort Berhad	Malaysia	Investment holding	100%	100%
Global Retreat (MM2H) Sdn. Bhd.	Malaysia	Insurance agency	100%	100%
Intelek Kekal (M) Sdn. Bhd.	Malaysia	Building and civil works contracting and management services	100%	100%
Intelek Murni (M) Berhad	Malaysia	Operating a recreational club	100%	100%
Intra Tegas (M) Sdn. Bhd.	Malaysia	Property development	100%	100%

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 14. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Proportion of ownership interest/ voting rights	
			2014	2013
Kajang Resources Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
Kumpulan Indah Bersatu Sdn. Bhd.	Malaysia	Property development	100%	100%
Metro Kajang Construction Sdn. Bhd.	Malaysia	Building and civil works contracting and project and building management services	100%	100%
MKH Credit Corporation Sdn. Bhd.	Malaysia	Money lending, hire purchase and leasing finance	100%	100%
MKH Food Sdn. Bhd. (formerly known as Vast Marketing & Services Sdn. Bhd.)	Malaysia	Integrated food related business	100%	100%
MKH Management Sdn. Bhd.	Malaysia	Management, secretarial services and insurance agency	100%	100%
MKH Building Materials Sdn. Bhd. (formerly known as Metro Kajang Trading Sdn. Bhd.)	Malaysia	Trading of building materials and household related products	100%	100%
Metro Kajang (Oversea) Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Metro K.L. City Sdn. Bhd.	Malaysia	Property development	100%	100%
Metro Nusantara Sdn. Bhd.	Malaysia	Dormant	100%	100%
Metro Tiara (M) Sdn. Bhd.	Malaysia	Property investment	100%	100%
Metro Kajang Development Sdn. Bhd.	Malaysia	Ceased operation	100%	100%
MKH Resources Sdn. Bhd.	Malaysia	Management services	100%	100%
<sup>∞</sup> Pelangi Binaraya Sdn. Bhd.	Malaysia	Property development	100%	-
Pelangi Seri Alam Development Sdn. Bhd.	Malaysia	Building and civil works contracting	100%	100%
Pelangi Semenyih Sdn. Bhd.	Malaysia	Property development	100%	100%
Perkasa Bernas (M) Sdn. Bhd.	Malaysia	Property development	100%	100%
<sup>∞*</sup> Petik Mekar Sdn. Bhd.	Malaysia	Property development	100%	-
Serba Sentosa Sdn. Bhd.	Malaysia	Property development	100%	100%
Serentak Maju Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
Srijang Indah Sdn. Bhd.	Malaysia	Property investment and management and investment holding	100%	100%
Srijang Kemajuan Sdn. Bhd.	Malaysia	Property development and property investment	99.99%	99.99%
Stand Allied Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
Sumber Lengkap Sdn. Bhd.	Malaysia	Property development	100%	100%
<sup>∞</sup> Suria Villa Sdn. Bhd.	Malaysia	Property development	100%	-
<sup>~</sup> <sup>‡</sup> Vista Haruman Development Sdn. Bhd	Malaysia	Property development	55%	55%
<b>Subsidiaries of Detik Merdu Sdn. Bhd.</b>				
<sup>#</sup> @PT Khaleda Agropima Malindo	Republic of Indonesia	Oil palm plantation	95%	95%
<sup>#</sup> PT Nusantara Makmur Jaya	Republic of Indonesia	Dormant	100%	100%

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 14. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Proportion of ownership interest/ voting rights	
			2014	2013
<b>Subsidiary of Gabung Wajib Sdn. Bhd.</b>				
Amona Metro Development Sdn. Bhd.	Malaysia	Property development	60%	60%
Alif Mesra Sdn. Bhd.	Malaysia	Property development	65%	-
<b>Subsidiary of GK Resort Berhad</b>				
PNSB-GK Resort Sdn. Bhd.	Malaysia	Property development	70%	70%
<b>Subsidiary of Kumpulan Indah Bersatu Sdn. Bhd.</b>				
Palga Sdn. Bhd.	Malaysia	Investment holding	100%	100%
<b>Subsidiary of Kajang Resources Corporation Sdn. Bhd.</b>				
<sup>^</sup> Achieve Acres Sdn. Bhd.	Malaysia	Property development	-	100%
<b>Subsidiary of Pelangi Seri Alam Development Sdn. Bhd.</b>				
Puncak Alam Resources Sdn. Bhd.	Malaysia	Property development	100%	100%
<b>Subsidiary of Metro Kajang (Oversea) Sdn. Bhd.</b>				
<sup>#</sup> Vast Furniture Manufacturing (Kunshan) Co. Ltd.	The People's Republic of China	Furniture manufacturing	100%	100%
<b>Subsidiary of Palga Sdn. Bhd.</b>				
Hiliran Juara Sdn. Bhd.	Malaysia	Property development	100%	100%
<b>Subsidiaries of Srijang Indah Sdn. Bhd.</b>				
Laju Jaya Sdn. Bhd.	Malaysia	Hotel business and property investment	100%	100%
Maha Usaha Sdn. Bhd.	Malaysia	Property investment and management	100%	100%

<sup>#</sup> Subsidiaries audited by firms of auditors other than Baker Tilly AC.

<sup>∞</sup> The Company acquired the respective subsidiaries for a total cash consideration of RM8 (~ 2013: RM40,000,002).

<sup>^</sup> The Company acquired the subsidiary for a total cash consideration of RM12,796 from another subsidiary.

<sup>\*</sup> The Company subscribed for additional 6,399,998 new ordinary shares of RM1/- each and 24,500,000 new redeemable convertible preferences shares of RM1/- each in the subsidiaries.

<sup>μ</sup> In the previous financial year, the Company subscribed for 137,498 new ordinary shares of RM1/- each in the subsidiary, representing 55% of the total allotment of 249,998 new ordinary shares.

<sup>@</sup> The investment in shares have been pledged as security for credit facilities granted to a subsidiary as mentioned in Note 27.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 14. Investment in subsidiaries (continued)

### Acquisition of subsidiaries

- (a) On 21 October 2013, the Company acquired 2 ordinary shares of RM1/- each representing 100% equity interest in Petik Mekar Sdn. Bhd. ("PMSB"), for a total cash consideration of RM2. The acquisition of PMSB did not have a material impact on the financial statements of the Company.
- (b) On 13 March 2014, Gabung Wajib Sdn. Bhd. ("GWSB"), a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1/- each representing 100% equity interest in Alif Mesra Sdn. Bhd. ("AMSB"), for a total cash consideration of RM2. The acquisition of AMSB did not have a material impact on the financial statements of the Company.
- (c) On 24 July 2014, The Company has acquired 2 ordinary shares of RM1/- each representing 100% equity interest in Danau Saujana Sdn. Bhd. ("DSSB"), for a total cash consideration of RM2. The acquisition of DSSB did not have a material impact on the financial statements of the Company.
- (d) On 8 August 2014, the Company acquired 2 ordinary shares of RM1/- each representing 100% equity interest in Pelangi Binaraya Sdn. Bhd. ("PBSB") and Suria Villa Sdn. Bhd. ("SVSB") respectively, for a total cash consideration of RM4. The acquisitions of PBSB and SVSB did not have a material impact on the financial statements of the Company.

### Redeemable Convertible Preference Shares

The salient features of the Redeemable Convertible Preference Shares ("RCPS") are as follows:

#### (a) Dividends

- (i) The holder has the right to be paid, out of such profits of the subsidiary available for distribution determined by the directors at their discretion to be distributed in respect of each financial year or other accounting period of the subsidiary, a dividend at a rate as the Board of Directors shall determine from time to time.

#### (b) Voting rights

The RCPS carry rights to vote at any general meeting of the subsidiary if:

- (i) any resolution is proposed for the winding up of the subsidiary, in which case the holder of the RCPS may only then vote at such general meeting on the election of a chairman, any motion for adjournment and the resolution for winding up; or
- (ii) the meeting is convened for the purpose of considering the reduction of the capital of the subsidiary; or
- (iii) the meeting is relating to any dividend or part thereof unpaid on any RCPS; or
- (iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCPS; in which event the holder of the RCPS shall have such number of votes for each RCPS registered in his name equivalent to the number of ordinary shares, which solely for the purpose of calculating the number of votes of the holder of the RCPS is entitled to, one RCPS held by the holder of RCPS shall be deemed to be equivalent to one of ordinary share of the subsidiary. The holder of the RCPS shall further be entitled to speak, demand a poll, to move resolutions and participate in the meeting of the shareholders of RCPS of the subsidiary.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 14. Investment in subsidiaries (continued)

The salient features of the Redeemable Convertible Preference Shares ("RCPS") are as follows: (continued)

### (c) Redemption

(i) Subject to the provision of Section 61 of the Companies Act, 1965, the subsidiary shall have the right to redeem all or any of the RCPS at RM100 only per RCPS (being the par value of RM1/- and premium of RM99 per RCPS) at anytime after the date of issuance of RCPS; and

(ii) no RCPS redeemed by the subsidiary shall be capable of reissue.

### (d) Conversion

The subsidiary is entitled, at any time during the period commencing on the date of issuance of RCPS to convert all or any of the RCPS registered in the name of each holder of the RCPS. Each RCPS is convertible into 100 ordinary shares of RM1/- each in the share capital of the subsidiary.

### (e) Capital

The holder has the right on winding up or other return of capital (other than on the redemption of the RCPS) to receive, in priority to the holders of any other class of shares in the capital of the subsidiary.

## Non-controlling interest

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

	Amona Metro Development Sdn. Bhd. RM	PT Khaleda Agroprima Malindo RM	Individually immaterial subsidiaries RM	Total RM
<b>2014</b>				
NCI percentage of ownership interest and voting interest	40%	5%		
Carrying amount of NCI	18,408,623	(401,313)	5,154,780	23,162,090
Profit/(Loss) allocated to NCI	14,156,128	1,023,210	(241,312)	14,938,026
Total comprehensive income allocated to NCI	14,156,128	1,053,716	(241,312)	14,968,532
<b>2013</b>				
NCI percentage of ownership interest and voting interest	40%	5%		
Carrying amount of NCI	4,252,495	(1,455,029)	(203,908)	2,593,558
Profit/(Loss) allocated to NCI	4,523,427	(1,064,181)	(281,255)	3,177,991
Total comprehensive income allocated to NCI	4,523,427	(937,871)	(281,255)	3,304,301

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 14. Investment in subsidiaries (continued)

The financial information of Amona Metro Development Sdn. Bhd. and PT Khaleda Agroprima Malindo before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows:

	Amona Metro Development Sdn. Bhd. RM	PT Khaleda Agroprima Malindo RM
<b>2014</b>		
<b>Assets and liabilities</b>		
Non-current assets	-	349,445,967
Current assets	79,114,882	68,273,180
Non-current liabilities	(8,173,644)	(392,457,886)
Current liabilities	(24,919,682)	(33,268,107)
Net assets/(liabilities)	46,021,556	(8,006,846)
<b>Results</b>		
Revenue	121,948,372	164,753,373
Profit for the financial year	35,390,320	20,456,028
Total comprehensive income	35,390,320	21,065,898
<b>2014</b>		
Cash flows from/(used in):		
- operating activities	16,965,120	38,902,092
- investing activities	-	(38,458,314)
- financing activities	(10,885,138)	13,915,567
Net increase in cash and cash equivalents	6,079,982	14,359,345
Dividends paid to NCI	-	-
<b>2013</b>		
<b>Assets and liabilities</b>		
Non-current assets	348,600	332,466,761
Current assets	53,514,527	31,513,991
Non-current liabilities	(22,509,740)	(372,021,640)
Current liabilities	(20,722,151)	(21,048,057)
Net assets/(liabilities)	10,631,236	(29,088,945)

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 14. Investment in subsidiaries (continued)

The financial information of Amona Metro Development Sdn. Bhd and PT Khaleda Agroprima Malindo before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows: (continued)

	Amona Metro Development Sdn. Bhd. RM	PT Khaleda Agroprima Malindo RM
<b>2013 Results</b>		
Revenue	57,671,043	101,146,703
Profit/(Loss) for the financial year	12,494,112	(21,275,110)
Total comprehensive income	12,494,112	(18,749,920)
Cash flows from/(used in):		
- operating activities	(5,288,793)	18,574,273
- investing activities	700,000	(48,192,546)
- financing activities	7,322,823	45,422,288
Net increase in cash and cash equivalents	2,734,030	15,804,015
Dividends paid to NCI	-	-

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group except for:

- (i) the covenants of the bank term loans taken by PT Khaleda Agroprima Malindo, a subsidiary of the Company, which restrict the ability of the subsidiary to provide advances to other companies within the Group and to declare dividends to their shareholders until full settlement of the loans unless their prior written consent are obtained. The assets to which such restrictions apply are the cash and cash equivalents of those subsidiaries included in the consolidated financial statements amounting to RM8,038,874 (2013: RM7,246,627); and
- (ii) cash held under housing development accounts maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 for non-wholly owned subsidiary amounting to RM10,140,341 (2013: RM2,650,007).

## 15. Investment in associates

	2014 RM	Group 2013 RM
<b>At cost:</b>		
Unquoted shares	4,250,000	3,250,000
Share of post-acquisition reserves	8,186,110	23,402,266
	12,436,110	26,652,266

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 15. Investment in associates (continued)

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

Name of associate	Nature of the relationship	Proportion of ownership interest/ voting rights		Financial year end
		30 September 2014	2013	
* Rimbunan Melati Sdn. Bhd. ("RMSB")	Property development	45%	45%	31 December
** Rafflesia School (Kajang) Sdn. Bhd.	Education centre and tenant of the Group's investment property	20%	20%	31 December

\* Interest held through Dapat Jaya Builder Sdn. Bhd.

\*\* Interest held through Metro Tiara (M) Sdn. Bhd ("MTSB"). During the financial year, MTSB subscribed for 1,000,000 (2013: 800,000) new ordinary shares of RM1/- each in the associate.

The above associates are accounted for using the equity method in these consolidated financial statements.

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

RMSB	2014 RM	2013 RM
<b>2014</b>		
Non-current assets	2,472,355	2,172,205
Current assets	33,727,355	73,740,380
Non-current liabilities	(2,124,033)	-
Current liabilities	(8,417,585)	(18,103,732)
<b>Net assets</b>	<b>25,658,092</b>	<b>57,808,853</b>
<b>Results</b>		
Revenue	10,259,020	62,887,262
Profit for the financial year	7,849,239	23,339,880
Total comprehensive income	7,849,239	23,573,589

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 15. Investment in associates (continued)

The reconciliation of net assets to carrying amount of the associates is as follows:-

	RMSB RM	Individually immaterial associate RM	Total RM
<b>2014</b>			
Group's share of net assets, representing carrying amount in the consolidate statement of financial position	11,546,141	889,969	12,436,110
Group's share of results in associate	3,532,157	(748,313)	2,783,844
Dividend received from associate	18,000,000	-	18,000,000
<b>2013</b>			
Group's share of net assets, representing carrying amount in the consolidate statement of financial position	26,013,984	638,282	26,652,266
Group's share of results in associate	10,608,115	(294,331)	10,313,784
Dividend received from associate	30,015,000	-	30,015,000

## 16. Land held for property development

	2014 RM	Group 2013 RM
<b>At cost:</b>		
Freehold land and land equivalent		
At 1 October 2013/2012	218,988,321	175,605,926
In respect of subsidiaries acquired	-	10,100,000
Additions	68,660,525	34,130,186
Transfer to non-current assets held for sale (Note 22)	-	(847,791)
Transfer to property development costs (Note 19)	(42,134,226)	-
At 30 September	245,514,620	218,988,321
Leasehold land and land equivalent		
At 1 October 2013/2012	140,140,863	45,608,844
In respect of subsidiaries acquired	-	143,895,537
Additions	118,560	-
Transfer to property development costs (Note 19)	(5,312,819)	(49,363,518)
At 30 September	134,946,604	140,140,863
Total land and land equivalent carried down	380,461,224	359,129,184

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 16. Land held for property development (continued)

	2014 RM	Group 2013 RM
Development costs		
At 1 October 2013/2012	81,913,473	46,533,356
In respect of subsidiaries acquired	-	20,835,855
Additions	75,698,770	22,836,920
Disposal	(5,687)	-
Transfer to non-current assets held for sale (Note 22)	-	(401,279)
Transfer to property development costs (Note 19)	(20,988,644)	(7,891,379)
At 30 September	136,617,912	81,913,473
Total land and land equivalent and development costs	517,079,136	441,042,657
Less: Accumulated impairment loss		
At 1 October 2013/2012	(6,284,988)	(6,284,988)
At 30 September	(6,284,988)	(6,284,988)
	510,794,148	434,757,669

Included in land held for property development are:

- (i) titles of freehold land and land equivalent amounting to RM86,933,869 (2013: RM97,117,698) which have been deposited with a financial institution for term loan and revolving credit facilities granted to subsidiaries as mentioned in Note 27;
- (ii) freehold land and land equivalent amounting to RM52,654,078 (2013: RM63,047,433) which have been pledged for term loan facilities granted to certain subsidiaries as mentioned in Note 27; and
- (iii) leasehold land and land equivalent amounting to RM62,120,053 (2013: RM67,489,423) being entitlement of the landowner pursuant to a joint land development agreement to undertake a property development project. The titles to the development land will be transferred from landowner to the purchasers.

## 17. Deferred tax assets and liabilities

	2014 RM	Group 2013 RM	Company 2014 RM	2013 RM
<b>Deferred tax assets</b>				
At 1 October 2013/2012	29,947,743	21,767,675	777,500	754,575
Recognised in profit or loss	(9,262,295)	8,180,068	(32,600)	22,925
Effect of movements in exchange rate	(133,235)	-	-	-
At 30 September	20,552,213	29,947,743	744,900	777,500

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 17. Deferred tax assets and liabilities (continued)

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
<b>Deferred tax liabilities</b>				
At 1 October 2013/2012	(49,699,178)	(15,045,566)	-	-
Recognised in profit or loss	(330,427)	1,600,733	-	-
In respect of subsidiaries acquired	-	(34,890,795)	-	-
Effect of movements in exchange rate	200,574	(1,363,550)	-	-
At 30 September	(49,829,031)	(49,699,178)	-	-
Total	(29,276,818)	(19,751,435)	744,900	777,500

Deferred tax assets and liabilities are attributable to the following:

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
<b>Deferred tax assets</b>				
Differences between the carrying amount of property, plant and equipment and its tax base	(39,936)	(67,142)	11,060	13,025
Differences between the carrying amount of biological assets and its tax base	(6,310,321)	(5,396,812)	-	-
Deductible temporary differences in respect of expenses	19,233,730	15,003,320	737,800	768,600
Unrecognised profits on disposal of completed properties	-	4,495,400	-	-
Unrecognised profits on disposal of lands	55,100	-	-	-
Fair value adjustment in respect of contract revenue	-	68,400	-	-
Loss on financial assets measured at amortised cost	696,500	1,046,000	-	-
Gain on financial liabilities measured at amortised cost	(870,100)	(692,000)	-	-
Impairment loss on land held for property development	194,200	202,300	-	-
Surplus arising from revaluation of buildings	(3,960)	(4,125)	(3,960)	(4,125)
Unutilised tax losses	9,709,000	16,952,302	-	-
Unabsorbed capital allowances	1,600	6,300	-	-
Unrealised profits on inter-company construction contract	1,433,600	1,744,000	-	-
Unrealised profits on inter-company sale of properties	699,000	836,000	-	-
Fair value adjustment in respect of subsidiaries acquired	(4,246,200)	(4,246,200)	-	-
	20,552,213	29,947,743	744,900	777,500

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 17. Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are attributable to the following: (continued)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Deferred tax liabilities</b>				
Differences between the carrying amount of property, plant and equipment and its tax base	(2,246,046)	(2,338,728)	-	-
Capital allowances claimed on certain assets recognised as part of investment properties	(2,423,600)	(2,524,600)	-	-
Surplus arising from revaluation of land and buildings	(3,622,926)	(4,007,000)	-	-
Deductible temporary differences in respect of expenses	1,444,100	496,450	-	-
Unutilised tax losses	13,600	15,100	-	-
Unabsorbed capital allowances	-	200	-	-
Unrecognised profits on disposal of completed properties	58,400	-	-	-
Fair value adjustment in respect of investment properties	(6,729,059)	-	-	-
Loss on financial assets measured at amortised cost	33,800	-	-	-
Gain on financial liabilities measured at amortised cost	(783,800)	(1,045,999)	-	-
Unrealised profits on inter-company construction contract	586,400	-	-	-
Fair value adjustment in respect of subsidiaries acquired	(36,159,900)	(40,294,601)	-	-
	(49,829,031)	(49,699,178)	-	-

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

### Unrecognised deferred tax assets

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Impairment loss on land held for property development	4,376,900	4,376,900	-	-
Unutilised tax losses	9,417,300	9,354,300	-	-
Unabsorbed capital allowances	42,700	43,000	-	-
	13,836,900	13,774,200	-	-

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits therefrom.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 18. Receivables, deposits and prepayments

		Group	Company		
	Note	2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-current Trade</b>					
Loan receivables	(a)	492,276	-	-	-
		492,276	-	-	-
<b>Non-trade</b>					
Amount due from subsidiaries	(e)	-	-	126,006,540	99,230,693
Less : Allowance for impairment loss		-	-	(178,000)	(178,000)
		-	-	125,828,540	99,052,693
Other receivables	(b)	2,031,531	2,107,053	-	-
Joint venture deposits	(g)	-	2,376,392	-	-
		2,523,807	4,483,445	125,828,540	99,052,693
<b>Current Trade</b>					
Trade receivables		110,404,230	87,006,881	-	-
Less : Allowance for impairment loss		(892,027)	(863,306)	-	-
		109,512,203	86,143,575	-	-
Finance lease receivables	(c)	874	749	-	-
Loan receivables	(a)	120,842	643,847	-	-
		109,633,919	86,788,171	-	-
<b>Current Non-trade</b>					
Amount due from subsidiaries	(e)	-	-	1,394,936	2,039,891
		-	-	1,394,936	2,039,891
Other receivables	(f)	8,362,583	8,693,200	61,555	66,755
Less : Allowance for impairment loss		(3,491,203)	(3,713,443)	(61,555)	(66,755)
		4,871,380	4,979,757	-	-
Deposits for development land acquisition		100,000	6,178,463	-	-
Joint venture deposits for land development	(g)	21,050,443	5,000,000	-	-
Other deposits	(h)	12,439,057	10,123,817	326,000	26,000
Prepayments	(i)	8,793,844	4,728,809	-	-
		156,888,643	117,799,017	1,720,936	2,065,891

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 18. Receivables, deposits and prepayments (continued)

### (a) Loan receivables

	2014 RM	Group 2013 RM
Housing loan	-	198,807
Term loan (business)	609,386	759,715
Other loan	3,732	8,920
Gross outstanding	613,118	967,442
Less : Allowance for impairment loss		
At 1 October 2013/2012	(323,595)	(383,595)
Written off during the financial year	203,995	-
Reversal during the financial year	119,600	60,000
At 30 September	-	(323,595)
	613,118	643,847

The maturity profile of loan receivables, net of allowance for impairment loss, is as follows:

2014	Term Loan RM	Other Loan RM	Total RM
<b>Fixed rate instruments</b>			
Receivable within 1 year	117,110	3,732	120,842
Receivable after 1 year but not later than 2 years	94,979	-	94,979
Receivable after 2 years but not later than 3 years	90,172	-	90,172
Receivable after 3 years but not later than 4 years	307,125	-	307,125
	609,386	3,732	613,118
<b>2013</b>			
<b>Fixed rate instruments</b>			
Receivable within 1 year	640,115	3,732	643,847

The loan receivables bear effective interest at a rate of 5.0% to 12.0% (2013: 8.7%) per annum.

- (b) This is in respect of an amount due from Plasma Farmers Cooperative in Indonesia. In accordance with existing Indonesian Government policy, a subsidiary assumes the responsibilities to develop plantation for small land holders (known as Plasma Farmers) in addition to its own plantation. The subsidiary is also required to train and supervise the Plasma Farmers and purchase the fresh fruit bunches from the farmers at prices determined by the Government. The amount is unsecured, interest free, to be settled in cash and not expected to be settled within one year.

### (c) Trade receivables

#### (i) Credit term of trade receivables

The Group's and the Company's normal trade credit term ranges from 7 to 90 days (2013: 7 to 90 days).

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 18. Receivables, deposits and prepayments (continued)

(c) Trade receivables (continued)

(ii) The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Neither past due nor impaired	77,844,310	61,905,191	-	-
1 to 30 days past due not impaired	16,191,057	7,336,798	-	-
31 to 60 days past due not impaired	5,426,089	5,021,476	-	-
61 to 90 days past due not impaired	4,197,604	10,792,783	-	-
More than 90 days past due not impaired	5,853,143	1,087,327	-	-
	31,667,893	24,238,384	-	-
Impaired	892,027	863,306	-	-
	110,404,230	87,006,881	-	-

### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly are with end financing facilities from reputable end-financiers whilst the other debtors are creditworthy customers with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

### Receivables that are past due but not impaired

Trade receivables of the Group amounting to RM31,667,893 (2013: RM24,238,384) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

### Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 October 2013/2012	863,306	890,356	-	-
Provision for the financial year	51,305	-	-	-
Reversal during the financial year	(22,584)	(27,050)	-	-
At 30 September	892,027	863,306	-	-

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

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 18. Receivables, deposits and prepayments (continued)

(c) Trade receivables (continued)

(iii) Included in trade receivables of the Group are:

- (a) retention sums amounting to RM16,423,261 (2013: RM12,248,481) held by stakeholders;
- (b) amounts of RM65,800 (2013: RM62,890) due from key management personnel of the Group in respect of purchase of development properties of the Group which includes retention sum of RM65,800 (2013: RM49,650) held by stakeholders;
- (c) amounts of RMnil (2013: RM1,670,855) due from a corporate shareholder of a subsidiary in respect of purchase of development properties of that subsidiary;
- (d) amount of RM93,250 (2013: RMnil) due from a corporation in which a director of the Company has substantial interest in respect of purchase of development properties of the Group which include retention sum of RM93,250 (2013: RMnil) held by stakeholders;
- (e) amount of RM64,100 (2013: RMnil) due from a director of the Company in respect of purchase of development properties of the Group; and
- (f) amount of RM120,000 (2013: RMnil) due from a person connected to certain directors of the Company in respect of purchase of development properties of the Group.

(d) Finance lease receivables

	2014 RM	Group 2013 RM
<b>Receivable within 1 year</b>		
Gross investment in finance lease receivables	1,111,415	1,113,275
Less: Unearned finance income	(88,921)	(88,992)
Present value of minimum lease payment receivables	1,022,494	1,024,283
Less : Allowance for impairment loss		
At 1 October 2013/2012	(1,023,534)	(1,025,109)
Less : Reversal during the financial year	1,914	1,575
At 30 September	(1,021,620)	(1,023,534)
	874	749

The finance lease receivables bear effective interest at rate of 8.15% (2013: 8.15%) per annum.

The maturity profile of finance lease receivables is as follows:

	2014 RM	Group 2013 RM
<b>Fixed rate instrument</b>		
Receivable within 1 year	874	749

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 18. Receivables, deposits and prepayments (continued)

(e) Included are unsecured amounts of:

- (i) RM126,006,540 (2013: RM99,230,693) which bears interest at a rate of 5.85% (2013: 5.6%) per annum, expected to be settled in cash and is not expected to be settled within the next 12 months; and
- (ii) RM1,394,936 (2013: RM2,039,891) which is interest free, expected to be settled in cash and is repayable on demand.

(f) Included in other receivables of the Group is an amount of RM960,103 (2013: RM132,749) being indirect taxes paid in advance to tax authorities by foreign subsidiaries.

The movement of allowance accounts used to record the impairment of other receivables is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
At 1 October 2013/2012	3,713,443	4,365,738	66,755	129,255
Provision for the financial year	13,384	27,306	3,800	-
Reversal during the financial year	(235,624)	(679,601)	(9,000)	(62,500)
At 30 September	3,491,203	3,713,443	61,555	66,755

The impaired other receivables at the reporting date relate to debtors that have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

- (g) The joint venture deposits are paid to landowners in respect of Joint Venture Agreements ("Agreements") whereby the Group is responsible to implement and undertake the overall development projects on the land owned by the third parties upon fulfilment of the terms and conditions as stipulated in the Agreements.
- (h) Included in other deposits of the Group is amounts of RM9,002,758 (2013: RM7,833,803) paid to relevant authorities for property development projects.
- (i) Included in prepayments of the Group are amount of:
  - (i) RM1,105,288 (2013: RM1,356,537) paid for acquisition of land in Indonesia; and
  - (ii) RM1,369,845 (2013: RMnil) preliminary costs incurred in respect of the construction of a commuter station for Railway Asset Corporation ("RAC") in consideration for the right to lease a plot of land from RAC for a period of 60 years.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 19. Property development costs

	2014 RM	Group 2013 RM
<b>At cost:</b>		
Freehold land and land equivalent		
At 1 October 2013/2012	74,383,779	90,203,244
Additions	47,968,627	17,819,145
Transfer from land held for property development (Note 16)	42,134,226	-
Transfer to investment properties (Note 13)	(697,281)	-
Transfer to inventories	(623,903)	(2,571,439)
Adjustment on completion of projects	(31,930,687)	(31,067,171)
At 30 September	131,234,761	74,383,779
Leasehold land and land equivalents		
At 1 October 2013/2012	150,193,769	-
In respect of subsidiary acquired	-	100,516,304
Additions	20,381,866	313,947
Transfer from land held for property development (Note 16)	5,312,819	49,363,518
At 30 September	175,888,454	150,193,769
Development costs		
At 1 October 2013/2012	361,785,067	304,113,177
In respect of subsidiary acquired	-	14,647,304
Additions	302,165,701	280,776,277
Transfer from land held for property development (Note 16)	20,988,644	7,891,379
Transfer to investment properties (Note 13)	(5,585,193)	-
Transfer to inventories	(4,700,188)	(18,268,350)
Adjustment on completion of projects	(178,743,990)	(227,374,720)
At 30 September	495,910,041	361,785,067
Total land and land equivalents and development costs	803,033,256	586,362,615
Less: Costs recognised as an expense in profit or loss		
At 1 October 2013/2012	308,617,920	265,500,163
Additions	359,076,927	301,559,648
Adjustment on completion of projects	(210,674,677)	(258,441,891)
At 30 September	457,020,170	308,617,920
	346,013,086	277,744,695

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 19. Property development costs (continued)

Included in the above are:

- (i) interest on borrowing capitalised for the financial year amounting to RM2,533,076 (2013: RM2,381,966);
- (ii) titles of freehold land and land equivalent amounting to RM8,995,229 (2013: RM3,885,451) which have been deposited with a financial institution for term loan and revolving credit facilities granted to certain subsidiaries as mentioned in Note 27;
- (iii) titles of leasehold land and land equivalent amounting to RM7,275,757 (2013: RM7,275,757) which have been deposited with a financial institution for term loan and revolving credit facilities granted to certain subsidiaries as mentioned in Note 27;
- (iv) titles of freehold land and land equivalent amounting to RM15,660,668 (2013: RMnil) which have been pledged with a financial institution for term loan facility granted to a subsidiary as mentioned in Note 27; and
- (v) freehold and leasehold land and land equivalents amounting to RM104,330,427 (2013: RM65,676,445) being entitlement of the landowners pursuant to joint venture and joint land development agreements to undertake property development projects. The titles to the development land will be transferred from landowners to the purchasers.

## 20. Inventories

	2014 RM	Group 2013 RM
<b>At cost:</b>		
Raw materials	747,632	817,503
Work-in-progress	261,668	153,560
Finished goods	1,391,176	827,231
Food and beverages	21,070	23,613
Plantation consumables	3,298,755	2,894,788
Fertilizers	2,355,075	1,313,795
Crude palm oil and palm kernel	13,421,440	4,936,801
Completed development properties	16,632,474	31,263,727
	38,129,290	42,231,018

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM169,195,800 (2013: RM152,624,911).

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 21. Cash, bank balances, term deposits and fixed income funds

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
Deposits with licensed banks	37,303,540	5,768,302	-	-
Cash and bank balances	78,986,843	58,358,692	1,016,517	57,925
Cash held under housing development accounts	76,601,772	56,374,105	-	-
Fixed income funds in Malaysia				
- redeemable at call	3,188,022	1,567,894	-	-
- redeemable upon 1 day notice	10,942	-	-	-
- redeemable upon 7 days notice	-	69,165	-	-
	196,091,119	122,138,158	1,016,517	57,925

Included in deposits with licensed banks of the Group are deposits of RM500,411 (2013: RM483,716) pledged for bank guarantee facilities granted to a subsidiary.

The deposits bear effective interest at rates ranging from 2.60% to 3.40% (2013: 2.14% to 3.30%) per annum with maturity period ranging from 1 day to 365 days (2013: 1 day to 365 days).

The non short term and highly liquid fixed deposits of RM10,602,629 (2013: RM5,350,511) included in deposit with licensed banks have maturity period of more than 3 months.

Fixed income funds represent investment in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents held by the Group which are not freely available for general use are as follows:

- (i) cash held under housing development accounts maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966;
- (ii) deposits amounting to RM500,411 (2013: RM483,716) pledged for bank guarantee facilities granted to a subsidiary;
- (iii) cash and bank balances of RM8,038,874 (2013: RM7,776,877) pledged as restricted fund held as security for the credit facilities as mentioned in Note 27; and
- (iv) deposit and cash and bank balances of RM9,892 (2013: RM23,282) held under sinking fund account for the recreational club.

## 22. Non-current assets classified as held for sale

	2014 RM	Group 2013 RM
At 1 October 2013/2012	1,249,070	-
Transfer from land held for property development (Note 16)	-	1,249,070
Disposals	(1,249,070)	-
At 30 September	-	1,249,070

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 22. Non-current assets classified as held for sale (continued)

This was in respect of the sales and purchase agreement entered between a subsidiary and a third party for disposal of a piece of freehold land held under land held for property development. The disposal has been completed within the financial year.

## 23. Share capital

	Number of shares		Group/Company	Amount
	2014	2013	2014 RM	2013 RM
Authorised:				
Ordinary shares of RM1/-each				
At 1 October 2013/2012	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Created during the financial year	-	500,000,000	-	500,000,000
At 30 September	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid:				
Ordinary shares of RM1/- each				
At 1 October 2013/2012	349,253,322	291,043,776	349,253,322	291,043,776
Issuance of shares pursuant to:				
- Bonus issue	69,898,293	29,104,378	69,898,293	29,104,378
- Rights issue with warrants	-	29,104,378	-	29,104,378
- Warrants	241,992	790	241,992	790
At 30 September	419,393,607	349,253,322	419,393,607	349,253,322

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the issued and paid-up share capital increased from RM349,253,322 to RM419,939,607 by way of the following:

- bonus issue of 69,898,293 new ordinary shares of RM1/- each via capitalisation from share premium and retained earnings on the basis of one (1) new ordinary share for every five (5) existing ordinary shares;
- exercise of 241,463 warrants for 241,463 new ordinary shares of RM1/- each at a subscription price of RM2.26 per share; and
- exercise of 529 warrants for 529 new ordinary shares of RM1/- each at a subscription price of RM1.89 per share.

The above newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 24. Reserves

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-distributable</b>				
Share premium	593	13,914,887	593	13,914,887
Translation reserve	(1,145,422)	(3,100,525)	-	-
Revaluation reserve	12,100,372	12,100,372	12,375	12,375
Warrant reserve	8,012,186	8,079,375	8,012,186	8,079,375
	18,967,729	30,994,109	8,025,154	22,006,637
<b>Distributable</b>				
Retained earnings	596,144,104	573,084,515	374,310,322	363,103,435
	615,111,833	604,078,624	382,335,476	385,110,072

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

### Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

### Warrant reserve

On 31 December 2012, the Company allotted and issued 29,104,378 free warrants constituted under the deed poll dated 23 November 2012.

The salient features of the warrants are as follows:

- (i) entitles its registered holders to subscribe for one (1) new ordinary share of RM1/- each at the exercise price during the exercise period;
- (ii) the exercise price is RM2.26 per share subject to adjustments in accordance with the provisions of the deed poll executed; and
- (iii) the warrants may be exercised at any time for a period of five years commencing from 31 December 2012 until 30 December 2017 ("exercise period"). The warrants that are not exercised during the exercise period will thereafter lapse and become void.

The exercise price was adjusted to RM1.89 per share subsequent to the bonus issue on 20 May 2014.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 24. Reserves (continued)

The movements in the Company's warrants to subscribe for new ordinary shares of RM1/- each during the financial year is as follows:

	At 1 October 2013	Adjustment on bonus issue	Number of warrants Exercised	At 30 September 2014
Number of warrants	29,103,588	5,772,221	(241,992)	34,633,817

The weighted average quoted price of shares of the Company at the time when the warrants were exercised was RM4.08 (2013: RM2.24).

### Retained earnings Section 108 tax credit

The credit in the Section 108 balance as at 31 December 2013 expired in accordance with the Finance Act 2007. With effect from 1 January 2014, the Company will be able to distribute dividends out of its retained earnings under the single tier system.

The Company has approximately RM2,328,000 (2013: RM2,328,000) tax exempt income account available for distribution by way of tax exempt dividend. The tax exempt income is in respect of chargeable income where tax has been waived in accordance with Income tax (Amendment) Act 1999.

## 25. Provisions

	Post-employment Benefit Obligations RM	Retirement Gratuity RM	Rectification Works RM	Total RM
<b>Group 2014</b>				
At 1 October 2013	3,102,423	16,773,120	1,144,906	21,020,449
Provision during the financial year	2,181,409	2,822,400	-	5,003,809
Incurred during the financial year	(118,169)	-	(1,144,906)	(1,263,075)
Re-measurement gains on defined benefit plans				
- Actuarial gain arising from:				
- experience adjustments	(338,485)	-	-	(338,485)
Effect of movements in exchange rate	(114,617)	-	-	(114,617)
At 30 September 2014	4,712,561	19,595,520	-	24,308,081
<b>2013</b>				
At 1 October 2012	1,893,592	16,531,200	1,950,550	20,375,342
Provision during the financial year	2,055,374	241,920	-	2,297,294
Incurred during the financial year	(544,100)	-	(805,644)	(1,349,744)
Effect of movements in exchange rate	(302,443)	-	-	(302,443)
At 30 September 2013	3,102,423	16,773,120	1,144,906	21,020,449

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 25. Provisions (continued)

The above provisions are classified as follows:

	Post-employment Benefit Obligations RM	Retirement Gratuity RM	Rectification Works RM	Total RM
<b>Group</b>				
<b>2014</b>				
Non-current	4,712,561	-	-	4,712,561
Current	-	19,595,520	-	19,595,520
	4,712,561	19,595,520	-	24,308,081
<b>2013</b>				
Non-current	3,102,423	-	-	3,102,423
Current	-	16,773,120	1,144,906	17,918,026
	3,102,423	16,773,120	1,144,906	21,020,449
<b>Company</b>				
<b>2014</b>				
Current				
At 1 October 2013/30 September 2014	-	3,074,400	-	3,074,400
<b>2013</b>				
Current				
At 1 October 2012/30 September 2013	-	3,074,400	-	3,074,400

### (a) Post-employment benefit obligations

A subsidiary of the Company in Indonesia operates an unfunded defined benefit scheme, as required under the Labour Law of the Republic of Indonesia. The defined benefit scheme exposes the Group to actuarial risks, such as longevity risk and interest rate risk.

The amount recognised in the consolidated statement of financial position are determined as follows:

	2014 RM	Group 2013 RM
Present value of obligations	4,712,561	2,570,662
Unrecognised actuarial gain/(loss)	-	531,761
Post-employment benefit obligations	4,712,561	3,102,423

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 25. Provisions (continued)

### (a) Post-employment benefit obligations (continued)

The expenses recognised in profit or loss are as follows:

	2014 RM	Group 2013 RM
Current service costs	1,967,292	1,834,042
Interest on obligation	214,117	176,448
Recognised actuarial net losses	-	44,884
	2,181,409	2,055,374

The expenses recognised in other comprehensive income are as follows:

	2014 RM	Group 2013 RM
Re-measurement gains on defined benefit plans	338,485	-

The defined benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions at reporting date are as follows:

	2014	Group 2013
Discount rate	8.75%	8.75%
Future salary increase	10%	10%
Mortality rate	100% TM13	100% TM13
Resignation rate	4% until age 30 then decrease linearly to 0% at age 55	4% until age 30 then decrease linearly to 0% at age 55
Disability	5% of mortality rate	5% of mortality rate
Normal retirement age	55	55

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 25. Provisions (continued)

### (a) Post-employment benefit obligations (continued)

#### Sensitivity analysis

The impact on changes of each significant actuarial assumption as at the reporting date is as follows:

	Group 2014 RM Increase/ (Decrease) in profit
Discount rate increase by 1%	(634,920)
Discount rate decrease by 1%	792,459
Future salary increase by 1%	814,324
Future salary decrease by 1%	(662,989)

Comparative figures have not been disclosed by virtue of transitional provision given in paragraph 173(b) of FRS 119.

The sensitivity analysis above have been determined using deterministic method.

At 30 September 2014, the weighted-average duration of the defined benefit obligation was 15.68 years (2013: 16.66 years).

The following benefit payments, which reflect the expected future service, as appropriate are expected to be paid:

	Group 2014 RM
Within 1 year	286,919
Between 2 and 5 years	992,185
After 5 years	6,939,951
	8,219,055

### (b) Retirement gratuity

Provision for retirement gratuity are for certain eligible directors. The details of the retirement gratuity scheme is disclosed in Note 2(e)(iii).

### (c) Rectification works

This is in respect of rectification works on completed property development projects.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 26. Payables and accruals

		2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
Note					
<b>Non-current</b>					
Landowners' entitlement (a)		105,217,002	83,041,000	-	-
Retention sum payable to subcontractors after one year		16,852,223	9,764,412	-	-
		122,069,225	92,805,412	-	-
<b>Current</b>					
<b>Trade</b>					
Trade payables (b)		144,713,827	144,693,171	-	-
Landowners' entitlement (a)		34,100,797	-	-	-
Retention sum payable to subcontractors within one year		24,730,758	14,300,715	-	-
<b>Non-trade</b>					
Amount due to subsidiaries (c)		-	-	25,241	24,000
Other payables		13,855,232	9,388,436	4,996	1,272
Deposits received (d)		9,959,491	10,861,440	-	-
Advances from customers (e)		5,185,281	13,116,050	-	-
Accruals		12,098,529	9,444,390	309,192	260,880
		244,643,915	201,804,202	339,429	286,152

(a) These are in respect of payable for landowners' entitlement under deferred payment term pursuant to the joint land development agreements and joint venture agreements entered into with the landowners. Pursuant to the said agreements, the entitlements are determined based on agreed percentage on the total gross development value net of trade discount, where applicable, of the property development project. These deferred payables is measured at amortised cost at an imputed interest of 5.15% to 10% (2013: 10%) per annum.

(b) The normal trade credit term granted to the Group ranges from 7 to 90 days (2013: 7 to 90 days) unless as specified in agreements.

(c) The amount due to subsidiaries of the Company is unsecured, interest free, expected to be settled in cash and is repayable on demand.

(d) Included in deposits received of the Group are rental, utilities and other deposits received of RM8,509,988 (2013: RM8,174,267) from tenants.

(e) Included in advances from customers of the Group are:

(i) downpayments of RMnil (2013: RM9,396,835) from purchasers of development properties; and

(ii) downpayments of RM5,185,281 (2013: RM3,719,215) from purchasers of crude palm oil and palm kernel.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-current</b>				
Term loans				
- secured				
- RM	110,042,698	72,921,220	-	-
- United States Dollar	267,869,647	248,021,458	-	-
- unsecured				
- RM	-	657,014	-	-
Bridging loan				
- secured				
- RM	-	19,740,091	-	-
Revolving credits				
- secured				
- RM	33,393,439	67,308,207	-	-
- unsecured				
- RM	2,250,000	4,500,000	-	-
Finance lease liabilities				
- RM	1,559,488	1,117,463	-	-
- Indonesian Rupiah	626,722	506,868	-	-
	415,741,994	414,772,321	-	-
<b>Current</b>				
Term loans				
- secured				
- RM	16,001,234	19,451,082	-	-
- United States Dollar	10,177,453	-	-	-
- unsecured				
- RM	2,937,014	-	-	-
Bridging loan				
- secured				
- RM	9,212,563	-	-	-
Revolving credits				
- secured				
- RM	126,450,018	79,987,818	-	-
- unsecured				
- RM	25,250,000	2,500,000	5,000,000	-
Bank overdrafts				
- secured				
- RM	730,500	-	-	-
- unsecured				
- RM	-	3,506,835	-	415,478
Finance lease liabilities				
- RM	679,239	779,084	-	-
- Indonesian Rupiah	629,958	940,244	-	-
	192,067,979	107,165,063	5,000,000	415,478
	607,809,973	521,937,384	5,000,000	415,478

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings (continued)

The maturity profile of loans and borrowings of the Group is as follows:

	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
<b>Group 2014</b>							
<b>Fixed rate instrument</b>							
Finance lease liabilities							
- RM	2,238,727	679,239	623,648	436,307	333,685	165,848	-
- Indonesian Rupiah	1,256,680	629,958	590,076	36,646	-	-	-
	3,495,407	1,309,197	1,213,724	472,953	333,685	165,848	-
<b>Floating rate instruments</b>							
Term loans							
- secured							
- RM	126,043,932	16,001,234	10,412,501	24,424,319	27,081,477	31,010,516	17,113,885
- United States Dollar	278,047,100	10,177,453	53,099,715	65,468,912	65,528,151	65,590,765	18,182,104
- unsecured							
- RM	2,937,014	2,937,014	-	-	-	-	-
Bridging loan							
- secured							
- RM	9,212,563	9,212,563	-	-	-	-	-
Revolving credits							
- secured							
- RM	159,843,457	126,450,018	17,870,439	8,325,000	7,198,000	-	-
- unsecured							
- RM	27,500,000	25,250,000	2,250,000	-	-	-	-
Bank overdrafts							
- secured	730,500	730,500	-	-	-	-	-
	604,314,566	190,758,782	83,632,655	98,218,231	99,807,628	96,601,281	35,295,989
	607,809,973	192,067,979	84,846,379	98,691,184	100,141,313	96,767,129	35,295,989

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings (continued)

The maturity profile of loans and borrowings of the Group is as follows: (continued)

	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
<b>Group</b>							
<b>2013</b>							
<b>Fixed rate instrument</b>							
Finance lease liabilities							
- RM	1,896,547	779,084	479,999	381,142	178,945	77,377	-
- Indonesian Rupiah	1,447,112	940,244	313,815	193,053	-	-	-
	3,343,659	1,719,328	793,814	574,195	178,945	77,377	-
<b>Floating rate instruments</b>							
Term loans							
- secured							
- RM	92,372,302	19,451,082	24,378,259	24,671,045	15,693,259	7,368,583	810,074
- United States Dollar	248,021,458	-	11,548,579	52,357,966	64,560,281	64,621,722	54,932,910
- unsecured							
-RM	657,014	-	657,014	-	-	-	-
Bridging loan							
- secured							
- RM	19,740,091	-	17,750,091	1,990,000	-	-	-
Revolving credit							
- secured							
- RM	147,296,025	79,987,818	22,333,207	12,350,000	15,450,000	15,300,000	1,875,000
- unsecured							
- RM	7,000,000	2,500,000	2,250,000	2,250,000	-	-	-
Bank overdrafts							
- unsecured	3,506,835	3,506,835	-	-	-	-	-
	518,593,725	105,445,735	78,917,150	93,619,011	95,703,540	87,290,305	57,617,984
	521,937,384	107,165,063	79,710,964	94,193,206	95,882,485	87,367,682	57,617,984

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings (continued)

The maturity profile of loans and borrowings of the Company is as follows:

	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
<b>Company 2014</b>							
<b>Floating rate instruments</b>							
Revolving credits							
- unsecured							
- RM	5,000,000	5,000,000	-	-	-	-	-
<b>Company 2013</b>							
<b>Floating rate instruments</b>							
Bank overdrafts							
- unsecured	415,478	415,478	-	-	-	-	-

## Finance lease liabilities

Finance lease liabilities are payable as follows:

	2014			2013		
	Future minimum lease payments RM	Finance charges RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Finance charges RM	Present value of minimum lease payments RM
Less than one year	1,550,651	241,454	1,309,197	1,950,326	230,998	1,719,328
Between one and five years	2,347,546	161,336	2,186,210	1,758,844	134,513	1,624,331
	3,898,197	402,790	3,495,407	3,709,170	365,511	3,343,659

The finance lease liabilities bear effective interest at rates ranging from 4.28% to 16.00% (2013: 3.80% to 16.00%) per annum.

The term loans, bridging loan and revolving credits bear effective interest at rates ranging from 4.00% to 7.35% (2013: 3.10% to 7.35%) per annum.

The bank overdrafts bear effective interest at rates from 6.85% to 8.10% (2013: 5.70% to 8.10%) per annum. **Unsecured bank overdrafts** are supported by corporate guarantee of the Group and of the Company.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings (continued)

**Term loan I** of RM3,575,000 (2013: RM4,875,000) is repayable by 40 quarterly principal instalments of RM325,000 each over 10 years commencing from the third month from the day of first drawdown and is secured and supported as follows:

- (a) legal charge over the leasehold land and building of a subsidiary;
- (b) corporate guarantee of the Company;
- (c) deposit of titles of the freehold land held for property development of a subsidiary; and
- (d) debenture by way of fixed and floating charge over the freehold land held for property development and leasehold land and building of subsidiaries.

**Term loan II** of RM13,363,182 (2013: RM26,242,786) is repayable by 24 quarterly principal instalments of RM2,375,000 each over 8 1/2 years commencing from the first day of the 34<sup>th</sup> month following the date of the first drawdown or payment by way of redemption, whichever is earlier. **Term loan III** of RM5,000,000 (2013: RMnil) is part of the total term loan of RM30,000,000 which is repayable by 8 equal quarterly principal instalments of RM3,750,000 each over 4 1/2 year commencing on the first day of the 33<sup>rd</sup> month following the date of first drawdown or payment by way of redemption whichever is earlier. **Secured revolving credit I** of RMnil (2013: RM35,800,000) are reduced by semi-annually with first reduction commencing June 2013. **Secured revolving credit II** of RM39,744,000 (2013: RMnil) is part of the total revolving credit of RM50,000,000 which is repayable on demand. **Secured revolving credit III** of RM5,323,000 (2013: RMnil) is part of the total revolving credit of RM110,000,000 which is repayable by 10 equal half yearly principal instalments of RM11,000,000 each over 8 year commencing on the first day of the 42<sup>nd</sup> month following the date of first drawdown or payment by way of redemption whichever is earlier. The term loans and revolving credits are secured and supported as follows:

- (a) legal charge over the leasehold land and building of a subsidiary;
- (b) corporate guarantee of the Company;
- (c) deposit of titles of the land held for property development of a subsidiary;
- (d) general debenture over a subsidiary; and
- (e) debenture by way of fixed and floating charge over the land held for property development and leasehold land and building of subsidiaries.

**Term loan IV** of RMnil (2013: RM21,800,000) is repayable by 20 quarterly principal instalments commencing June 2013 or by way of redemption of the development units at the fixed redemption sum or redemption rate to be determined by the financial institution, whichever is earlier. The term loan was repaid through unsecured term loan on 2 May 2014 and is secured and supported as follows:

- (a) facility agreement;
- (b) legal charge over the freehold land held for property development of a subsidiary; and
- (c) corporate guarantee of the Company.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings (continued)

**Term loan V** of RM278,047,100 (2013: RM248,021,458) is repayable in 20 quarterly principal instalments commencing 27<sup>th</sup> month from the day of first drawdown and is secured and supported as follows:

- (a) facility agreement and security sharing agreement;
- (b) legal charge over the oil palm plantation land of a subsidiary in Indonesia;
- (c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;
- (d) charge over a designated bank account of a subsidiary in Indonesia;
- (e) corporate guarantee of the Company;
- (f) pledged of shares of a subsidiary;
- (g) assignment over all applicable insurance policies; and
- (h) negative pledge over a subsidiary's assets.

**Term loan VI** of RMnil (2013: RM11,700,000) is repayable by ten (10) quarterly principal instalments of RM1,170,000 each commencing August 2014 and is secured and supported as follows:

- (a) legal charge over the freehold land held for property development of a subsidiary; and
- (b) corporate guarantee of the Company.

**Term loan VII** of RMnil (2013: RM3,300,000) is repayable by six (6) quarterly principal instalments of RM550,000 each commencing August 2016 or by way of redemption unit sold, whichever is earlier and is secured and supported as follows:

- (a) facility agreement;
- (b) legal charge over the freehold land held for property development of a subsidiary; and
- (c) corporate guarantee of the Company.

**Term loan VIII** of RM2,362,121 (2013: RM2,853,919) is repayable by 96 monthly instalments of RM51,163 each commencing December 2010 and is secured and supported as follows:

- (a) by way of charge over the freehold buildings of a subsidiary upon issuance of titles;
- (b) first party open monies deed of assignment; and
- (c) corporate guarantee of the Company.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings (continued)

**Term loan IX** of RM6,779,257 (2013: RM7,957,700) is repayable in 19 quarterly principal instalments of RM471,076 each and final instalments to be calculated and advised by the bank commencing on 4<sup>th</sup> month after the first drawdown. **Secured revolving credit IV** RM23,000,000 (2013: RM23,000,000) is repayable on demand. The term loan and revolving credit are secured and supported as follows:

- (a) facility agreement;
- (b) legal charge over the leasehold land and building of a subsidiary;
- (c) legal assignment over debt service account;
- (d) legal assignment over all tenancy and rent agreements;
- (e) specific debenture on fixed and floating charge over the leasehold land and building of a subsidiary;
- (f) deed of subordinate in respect of shareholders advances and loans to the subsidiary;
- (g) legal assignment of all of the subsidiary's present and future rights, title and benefits in and under such insurance policies procure in respect of the charge; and
- (h) corporate guarantee of the Company.

**Term loan X** of RM4,880,240 (2013: RMnil) is repayable in 300 monthly principal instalment of RM27,543 each, commencing November 2014 and is secured and supported as follows:

- (a) legal charge over the freehold buildings;
- (b) first party open monies deed of assignment; and
- (c) corporate guarantee of the Company.

**Term loan XI** of RMnil (2013: RM382,823) is repayable by 8 quarterly principal instalments of RM1,625,000 each commencing October 2014 or payment by way of redemption, whichever is earlier. **Bridging loan I** of RM6,987,685 (2013: RM15,990,000) which is part of the total bridging loan of RM28,000,000 is repayable by 8 quarterly principal instalments of RM3,500,000 each commencing November 2014. **Secured revolving credit V** of RM4,000,000 (2013: RM4,000,000) is repayable by 8 quarterly principal instalments of RM500,000 each commencing November 2014 or payment by way of redemption, whichever is earlier. The term loan, bridging loan and revolving credit are secured and supported as follows:

- (a) legal charge over the freehold land belong to joint venture partner;
- (b) specific debenture by way of fixed and floating charge over all present and future assets of the project; and
- (c) corporate guarantee of the Company.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings (continued)

**Term loan XII** of RM14,261,274 (2013: RM13,260,074) is repayable by 84 monthly principal instalments commencing 19<sup>th</sup> month from the date of first drawdown or on 1<sup>st</sup> January 2014, whichever is earlier. The term loan is secured and supported as follows:

- (a) legal charge over the freehold land of a subsidiary;
- (b) a limited debenture by way of a fixed and floating charge over construction costs for a private and international school developed on the said freehold land;
- (c) legal assignment over a subsidiary and /or the customer's rights and interest under an offer to lease and purchase;
- (d) legal assignment over all rents and other monies payables; and
- (e) corporate guarantee of the Company.

**Term loan XIII** of RM35,000,000 (2013: RMnil) is repayable by 10 quarterly principal repayments of RM3,500,000 each commencing December 2016 and is secured and supported as follows:

- (a) legal charge over freehold land held for property development of a subsidiary; and
- (b) corporate guarantee of the Company.

**Term loan XIV** of RM21,022,481 (2013: RMnil) is repayable by 11 equal quarterly principal instalments of RM1,830,000 each and final principal instalment of RM892,481 or any balance outstanding with the first repayment to commence on 39<sup>th</sup> month from the date of first reimbursement or payment by way of redemption whichever is earlier. **Term loan XV** of RM14,734,928 (2013: RMnil) is part of the total term loan of RM40,000,000 which is repayable by 11 equal quarterly principal instalments of RM3,340,000 each and final principal instalment of RM3,260,000 with the first repayment to commence on 39<sup>th</sup> month from the day of first reimbursement or payment by way of redemption whichever is earlier. The secured term loans are secured and supported as follows:

- (a) specific debenture over the project land of a subsidiary;
- (b) corporate guarantee of the Company; and
- (c) legal charge over freehold land held for property development of a subsidiary.

**Term loan XVI** of RM5,065,449 (2013: RMnil) is part of the total term loan of RM18,000,000 and is repayable by 8 quarterly instalments of RM2,250,000 each commencing November 2017. The secured term loan is secured and supported as follows:

- (a) facility agreement;
- (b) legal charge over the freehold land held for property development of a subsidiary; and
- (c) corporate guarantee of the Company.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings (continued)

**Bridging loan II** of RM2,224,878 (2013: RM3,750,091) is part of the total bridging loan of RM35,000,000 granted to a subsidiary and is repayable by 4 quarterly principal instalments of RM8,750,000 each commencing June 2015. **Secured revolving credit VI** of RM5,000,000 (2013: RM5,000,000) is repayable by 4 quarterly principal instalment of RM1,250,000 each commencing February 2015. The bridging loan and secured revolving credit are secured and supported as follows:

- (a) legal charge over the leasehold land held for property development of a subsidiary;
- (b) assignment by way of charge over surplus sales proceed;
- (c) a limited debenture by way of fixed and floating charges over the proposed development; and
- (d) corporate guarantee of the Company.

**Secured revolving credit VII** of RM12,300,000 (2013: RM12,300,000) is repayable on demand and is secured and supported as follows:

- (a) legal charge over the leasehold land held for property development of a subsidiary; and
- (b) corporate guarantee of the Company.

**Secured revolving credit VIII** of RM3,025,000 (2013: RM4,125,000) is repayable by 20 quarterly instalments of RM275,000 each commencing on 25 August 2012 and is secured and supported as follows:

- (a) legal charge over the leasehold land and building of a subsidiary; and
- (b) corporate guarantee of the Company.

**Secured revolving credit IX** of RM15,000,000 (2013: RM15,000,000) is repayable by 8 quarterly principal instalments of RM1,875,000 each commencing on the 39<sup>th</sup> month from the date of first drawdown. Secured bank overdraft of RM730,500 (2013: RMnil) is repayable on demand. The revolving credit and bank overdraft are secured and supported as follows:

- (a) legal charge over leasehold land and building of a subsidiary; and
- (b) corporate guarantee of the Company.

**Secured revolving credit X** of RM17,895,439 (2013: RM8,483,207) is part of the total revolving credit of RM45,000,000 granted to a subsidiary and is repayable by 18 quarterly principal instalments of RM2,500,000 each commencing December 2014 and **secured revolving credit XI** of RM34,556,018 (2013: RM39,587,818) is part of the total revolving credit of RM40,000,000 and is repayable on demand. All revolving credits are secured and supported as follows:

- (a) legal charge over the leasehold land and building of a subsidiary;
- (b) corporate guarantee of the Company;
- (c) specific debenture by way of fixed and floating charge over the leasehold land and building of a subsidiary; and
- (d) legal assignment of rental proceeds from the investment property of a subsidiary.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 27. Loans and borrowings (continued)

**Unsecured term loan** of RM2,937,014 (2013: RM657,014) is part of the total term loan of RM6,000,000 and is repayable by 5 quarterly principal instalments of RM1,200,000 each commencing November 2014 and is supported by a deposit of land of a subsidiary with bank and corporate guarantee of the company.

**Unsecured revolving credits I** of RM4,500,000 (2013: RM6,000,000) of the Group is repayable by 8 quarterly principal instalments of RM750,000 each commencing April 2014 and is supported by corporate guarantee of the Company.

**Unsecured revolving credits II** of RM18,000,000 (2013: RM1,000,000) of the Group is repayable on demand and is supported by corporate guarantee of the Company.

**Unsecured revolving credits** of RM5,000,000 (2013: RMnil) of the Company is repayable on demand.

## 28. Dividend

	Net dividend per share sen	Total Amount RM	Date of payment
<b>2014</b>			
Interim dividend of 10.0 sen less 25% tax per ordinary share in respect of financial year ended 30 September 2013	7.5	26,194,005	31 December 2013
<b>2013</b>			
Final dividend of 5.0 sen less 25% tax per ordinary share in respect of financial year ended 30 September 2012	3.75	13,096,977	5 March 2013

A first interim single tier dividend of 8.0 sen per ordinary share in respect of financial year ended 30 September 2014 amounting to RM33,551,728 was declared on 10 October 2014 and paid on 11 November 2014. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2015.

The Board of Directors does not recommend any final dividend payment in respect of the financial year ended 30 September 2014.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 29. Acquisition of subsidiaries

### During the financial year

- (a) On 21 October 2013, the Company has acquired 100% equity interest in Petik Mekar Sdn. Bhd. for a cash consideration of RM2.

The fair value of the assets acquired and liabilities assumed at the effective date of acquisition are as follows:

	Group 2014 RM
Cash and bank balances	12,889
Payables and accruals	(14,256)
Current tax liabilities	(1,000)
Total identifiable net assets	(2,367)
Goodwill on acquisition	2,369
Total purchase consideration in cash	2
Cash and bank balances of subsidiary acquired	(12,889)
Acquisition of subsidiary, net of cash acquired	(12,887)

- (b) On 13 March 2014, Gabung Wajib Sdn. Bhd., a wholly-owned subsidiary of the Company has acquired 100% equity interest in Alif Mesra Sdn. Bhd. for a cash consideration of RM2. The acquisition of Alif Mesra Sdn. Bhd. did not have a material impact on the financial statements of the Group.
- (c) On 24 July 2014, the Company has acquired 100% equity interest in Danau Saujana Sdn. Bhd., for a cash consideration of RM2. The acquisition of Danau Saujana Sdn. Bhd. did not have a material impact on the financial statements of the Group.
- (d) On 8 August 2014, the Company has acquired 100% equity interest in Pelangi Binaraya Sdn. Bhd. and Suria Villa Sdn. Bhd., for a cash consideration of RM4. The acquisition of Pelangi Binaraya Sdn. Bhd. and Suria Villa Sdn. Bhd. did not have a material impact on the financial statements of the Group.

### In the previous financial year

- (a) On 23 January 2013, the Company acquired 10% equity interest in Budi Bidara Sdn. Bhd. ("BBSB") for a total cash consideration of RM4,000,000. On 6 February 2013, the Company acquired additional 45% equity interest in BBSB, for a total cash consideration of RM18,000,000, which was completed on 25 June 2013. As a result, BBSB became a 55% owned subsidiary of the Company. The revenue and loss of the acquired subsidiary included in the consolidated statement of comprehensive income amounted to RMnil and RM663,352 respectively. If the acquisition had occurred on 1 October 2012, management estimates that revenue and the loss for the financial year attributable to the Group would have been RMnil and RM811,636 respectively.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 29. Acquisition of subsidiaries (continued)

### In the previous financial year (continued)

The fair values of the assets acquired and the liabilities assumed at the effective date of acquisition were as follows:

	<b>Group 2013 RM</b>
Property development costs	85,695,000
Receivables, deposits and prepayments	278,078
Cash and bank balances	70,152
Payables and accruals	(30,631,177)
Current tax liabilities	(371)
	55,411,682
Deferred tax liabilities	(13,915,000)
	41,496,682
Total net identifiable assets	41,496,682
Non-controlling interest	(18,673,507)
	22,823,175
Equity attributable to owners of the parent	22,823,175
Gain on bargain purchase on acquisition included in other income	(823,175)
	22,000,000
Total purchase consideration paid in cash	22,000,000
Cash and bank balances of subsidiary acquired	(70,152)
	21,929,848
Acquisition of subsidiary, net of cash acquired	21,929,848

On 12 September 2013, the Company acquired the remaining 45% equity interest in BBSB from its non-controlling interest for a cash consideration of RM18,000,000. As a result of this acquisition, BBSB became a wholly-owned subsidiary of the Company. On the date of acquisition, the carrying value of the additional interest was RM18,425,164. The difference between the consideration and the carrying value of the interest acquired which is a discount on acquisition of non-controlling interest of RM425,164 is credited to retained earnings.

- (b) On 17 April 2013, the Company has acquired 100% equity interest in Vista Haruman Development Sdn. Bhd. for a cash consideration of RM2. The acquisition of Vista Haruman Development Sdn. Bhd. did not have a material impact on the financial statements of the Group.
- (c) On 6 August 2013, Pelangi Seri Alam Development Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired the entire equity interest in Puncak Alam Resources Sdn. Bhd. for a total cash consideration of RM30,600,000. The revenue and the loss of the acquired subsidiary included in the consolidated statement of comprehensive income amounted to RMnil and RM2,303,458 respectively. If the acquisition had occurred on 1 October 2012, management estimated that revenue and the loss for the previous financial year attributable to the Group would have been RMnil and RM278,814 respectively.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 29. Acquisition of subsidiaries (continued)

### In the previous financial year (continued)

	<b>Group 2013 RM</b>
Land held for property development	164,731,392
Property development costs	29,468,608
Receivables, deposits and prepayments	747,382
Cash and bank balances	1,016,739
Payables and accruals	(114,740,922)
Deferred tax liabilities	(20,341,595)
Total identifiable net assets	60,881,604
Gain on bargain purchase on acquisition included in other income	(30,281,604)
Total purchase consideration paid in cash	30,600,000
Cash and bank balances of subsidiary acquired	(1,016,739)
Acquisition of subsidiary, net of cash acquired	29,583,261

- (d) On 13 September 2013, Kajang Resources Corporation Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired the entire equity interest in Achieve Acres Sdn. Bhd. for a total cash consideration of RM1,837,184. The revenue and the loss of the acquired subsidiary included in the consolidated statement of comprehensive income amounted to RMnil and RM3,620 respectively. If the acquisition had occurred on 1 October 2012, management estimates that revenue and the loss for the previous financial year attributable to the Group would have been RMnil and RM3,620.

The fair values of the assets acquired and the liabilities assumed at the effective date of acquisition were as follows:

	<b>Group 2013 RM</b>
Land held for property development	10,100,000
Cash and bank balances	2
Payables and accruals	(7,563,200)
Deferred tax liabilities	2,536,802 (634,200)
Total identifiable net assets	1,902,602
Gain on bargain purchase on acquisition included in other income	(65,418)
Total purchase consideration in cash	1,837,184
Cash and bank balances of subsidiary acquired	(2)
Acquisition of subsidiary, net of cash acquired	1,837,182

The Group has completed the purchase price allocation exercise on the above acquisitions during the previous financial year.

Transaction costs related to the above acquisitions of RM128,904 had been recognised in profit or loss as administrative expenses of the Group during the previous financial year.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 30. Financial guarantee

	2014 RM	Company 2013 RM
Corporate guarantees given by the Company to financial institutions and creditors for banking and credit facilities granted to the subsidiaries		
- outstanding as at financial year end	618,166,100	537,000,145

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it was not probable that the counterparties to financial guarantee contracts will claim under the contracts.

## 31. Capital commitments

	2014 RM	Group 2013 RM
Approved and contracted for:		
- Property, plant and equipment	3,009,608	17,644,694
- Investment property	-	4,496,560
Approved but not contracted for:		
- Property, plant and equipment	6,600,000	-

## 32. Related party disclosures

### (a) Identity of related parties

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

The Group has a related party relationship with its subsidiaries, associates and key management personnel.

### (b) Key management personnel compensation

The key management personnel compensation is as follows:

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
Directors of the Company				
- Fees	250,000	210,000	250,000	210,000
- Other short term emoluments	12,659,735	10,727,642	27,000	16,500
Estimated monetary value of benefits-in-kind	97,372	105,881	-	-
Total short-term employee benefits	13,007,107	11,043,523	277,000	226,500
- Post-employment benefits	5,210,916	2,223,256	-	-
	18,218,023	13,266,779	277,000	226,500

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 32. Related party disclosures (continued)

### (b) Key management personnel compensation (continued)

The key management personnel compensation is as follows: (continued)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other key management personnel				
- Remuneration	6,633,294	5,560,088	-	-
- Other short term employee benefits	35,892	7,744	-	-
- Post-employment benefits	807,694	627,328	-	-
	7,476,880	6,195,160	-	-
Total key management personnel compensation	25,694,903	19,461,939	277,000	226,500

Other key management personnel comprises persons other than the directors of Company, having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

### (c) Related party transactions and balances of the Company

	2014 RM	2013 RM
<b>Received or receivable from subsidiaries</b>		
Gross dividend	(77,452,174)	(97,562,501)
Interest income	(6,181,651)	(7,492,091)
<b>Paid or payable to subsidiaries</b>		
Management fee	24,000	24,000

Information on outstanding balances with related parties of the Company are disclosed in Notes 18 and 26.

### (d) Related party transactions and balances of the Group

	2014 RM	2013 RM
<b>Received and receivable from associate</b>		
Rental income	1,509,208	-
<b>Received and receivable from company in which a director has substantial equity interests</b>		
Secretarial fees	1,980	1,980

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 32. Related party disclosures (continued)

### (d) Related party transactions and balances of the Group (continued)

	2014 RM	Group 2013 RM
<b>Received or receivable from other related parties</b>		
Progress billings to :		
i. certain directors of the Company	4,836,248	364,100
ii. a corporate shareholder of a subsidiary	3,193,140	903,925
iii. a corporation in which a director of the Company has substantial interest	5,256,000	932,500
iv. a person connected to a director of the Company	1,688,150	183,050
v. certain key management personnel of the Group	1,394,600	1,484,400

Information on outstanding balances with related parties of the Group is disclosed in Note 18.

## 33. Segment information

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on at least monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under FRS 8 are as follows:

- |   |   |
|---|---|
| (i) Property development and construction | - property development, building and civil works contracting.                       |
| (ii) Hotel and property investment        | - hotel business and property investment and management.                            |
| (iii) Trading                             | - trading in building materials and household related products and general trading. |
| (iv) Manufacturing                        | - furniture manufacturing.  |
| (v) Plantation                            | - oil palm cultivation.   |
| (vi) Investment holding                   | - Investment holding and management services.                                       |

Non-reportable segments comprise recreational club operation, money lending and provision of insurance broking services.

### Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment results represents profit before tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

### Segment assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding investment in associates, deferred tax assets, current tax assets and other investment.

### Segment liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities, interest bearing loans and borrowings and deferred tax liabilities.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 33. Segment information (continued)

### Segment revenue and results

2014	Property development & construction RM	Plantation RM	Hotel & property investment RM	Trading RM	Manu- facturing RM	Investment holding RM	Non- reportable segments RM	Eliminations RM	Consolidated RM
<b>Revenue</b>									
Total external revenue	536,901,780	164,753,373	34,430,186	57,111,117	12,147,549	-	1,177,606	-	806,521,611
Inter-segment revenue	18,202,000	-	4,437,500	880,434	-	126,247,117	-	(149,767,051)	-
Total segment revenue	555,103,780	164,753,373	38,867,686	57,991,551	12,147,549	126,247,117	1,177,606	(149,767,051)	806,521,611
<b>Results</b>									
Operating results	112,602,722	41,240,191	39,555,180	3,822,193	878,143	20,579,556	(408,997)	(23,290,777)	194,978,211
Interest expense	(33,635,686)	(19,243,634)	(2,996,871)	-	-	(13,229,173)	(129,208)	31,238,515	(37,996,057)
Interest income	3,974,848	250,035	62,751	-	156,917	6,295,284	1,899	(7,947,738)	2,793,996
Share of results of associates	3,532,158	-	(748,314)	-	-	-	-	-	2,783,844
Segment results	86,474,042	22,246,592	35,872,746	3,822,193	1,035,060	13,645,667	(536,306)	-	162,559,994
Tax expense	(20,604,746)	(7,296,524)	(10,712,612)	(923,266)	(195,445)	(3,053,504)	(151,410)	-	(42,937,507)
Profit/(Loss) for the financial year	65,869,296	14,950,068	25,160,134	2,898,927	839,615	10,592,163	(687,716)	-	119,622,487
<b>2014 Other segment information</b>									
Depreciation and amortisation	1,139,696	16,946,388	1,402,088	19,029	411,035	198,183	127,822	-	20,244,241
Changes in fair value of investment properties	-	-	(22,196,624)	-	-	-	-	-	(22,196,624)
Gain on transfer of property development costs to investment properties	-	-	(1,819,526)	-	-	-	-	-	(1,819,526)
Loss/(Gain) on disposal of property, plant and equipment	(81,215)	-	-	-	-	-	-	-	(81,215)
Impairment loss on trade and other receivables	9,584	-	-	51,305	-	3,800	-	-	64,689
Provision for post-employment benefit obligations	-	2,181,409	-	-	-	-	-	-	2,181,409
Provision for retirement gratuity	-	-	-	-	-	2,822,400	-	-	2,822,400
Net loss on foreign exchange	-	1,283,277	-	329	(28,560)	27,103	-	-	1,282,149
- realised	-	18,126,457	-	-	-	2,741	106,000	-	18,235,198
- unrealised	-	-	-	-	-	-	-	-	-
Reversal of impairment loss on trade and other receivables	(114,571)	-	(28,637)	-	-	(9,000)	(227,514)	-	(379,722)

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 33. Segment information (continued)

### Segment revenue and results (continued)

2013	Property development & construction RM	Plantation RM	Hotel & property investment RM	Trading RM	Manu- facturing RM	Investment holding RM	Non- reportable segments RM	Eliminations RM	Consolidated RM
<b>Revenue</b>									
Total external revenue	477,154,805	101,146,703	31,281,461	67,090,932	9,476,442	-	2,069,094	-	688,219,437
Inter-segment revenue	-	-	5,480,000	1,161,077	-	148,945,839	-	(155,586,916)	-
Total segment revenue	477,154,805	101,146,703	36,761,461	68,252,009	9,476,442	148,945,839	2,069,094	(155,586,916)	688,219,437
<b>Results</b>									
Operating results	148,271,085	(36,667,716)	19,388,392	4,501,059	(204,008)	21,649,596	364,434	(19,747,207)	137,555,635
Interest expense	(19,499,895)	(8,405,894)	(2,417,848)	-	-	(14,988,995)	(320,065)	28,169,635	(17,463,062)
Interest income	4,406,543	208,583	26,047	-	223,642	7,597,700	6,826	(8,422,428)	4,046,913
Share of results of associates	10,608,115	-	(294,331)	-	-	-	-	-	10,313,784
Segment results	143,785,848	(44,865,027)	16,702,260	4,501,059	19,634	14,258,301	51,195	-	134,453,270
Tax (expense)/credit	(27,494,174)	7,955,455	(3,704,178)	(1,171,473)	(54,197)	(2,603,464)	(233,657)	-	(27,305,688)
Profit/(Loss) for the financial year	116,291,674	(36,909,572)	12,998,082	3,329,586	(34,563)	11,654,837	(182,462)	-	107,147,582
<b>2013</b>									
<b>Other segment information</b>									
Depreciation and amortisation	1,131,280	10,834,549	1,391,995	16,644	410,838	20,698	111,562	-	13,917,566
Changes in fair value of investment properties	-	-	(3,810,700)	-	-	-	-	-	(3,810,700)
Loss/(Gain) on disposal of property, plant and equipment	109,376	-	(366)	-	-	-	-	-	109,010
Impairment loss on:									
- trade and other receivables	21,253	-	6,053	-	-	-	-	-	27,306
Loss on deposits measured at amortised cost	492,364	-	-	-	-	-	-	-	492,364
Provision for post-employment benefit obligations	-	2,055,374	-	-	-	-	-	-	2,055,374
Provision for retirement gratuity	-	-	-	-	-	241,920	-	-	241,920
Net (Gain)/loss on foreign exchange	-	17,459,328	-	-	151,893	214,190	18	-	17,825,429
- realised	-	49,555,889	-	-	-	809,507	591,800	-	50,957,196
- unrealised	-	-	-	-	-	-	-	-	-
Gain on bargain purchase on acquisition of subsidiaries	(31,170,197)	-	-	-	-	-	-	-	(31,170,197)
Reversal of impairment loss on receivables	(25,301)	-	-	(27,050)	-	(62,500)	(653,375)	-	(768,226)

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 3. Segment information (continued)

### Segment Assets and Liabilities

	Property development & construction RM	Plantation RM	Hotel & property investment RM	Trading RM	Manu- facturing RM	Investment holding RM	Non- reportable segments RM	Consolidated RM
<b>2014</b>								
<b>Assets</b>								
Segment assets	1,244,655,856	440,266,548	342,425,495	21,197,034	23,158,678	17,516,798	16,879,033	2,106,099,442
Investment in associates	11,546,142	-	889,968	-	-	-	-	12,436,110
Deferred tax assets	17,185,700	(1,001,887)	-	37,900	-	4,330,500	-	20,552,213
Current tax assets	3,852,614	100	70,600	-	-	-	45,310	3,968,624
Total assets	1,277,240,312	439,264,761	343,386,063	21,234,934	23,158,678	21,847,298	16,924,343	2,143,056,389
<b>Liabilities</b>								
Segment liabilities	349,504,192	27,206,005	16,342,239	6,911,582	1,823,580	19,299,063	1,169,295	422,255,956
Current tax liabilities	3,419,892	-	528,047	30,263	109,148	1,404,890	1,659	5,493,899
Interest bearing liabilities	216,221,295	279,303,780	54,512,239	-	-	57,772,659	-	607,809,973
Deferred tax liabilities	35,231,000	-	13,740,119	-	824,426	-	33,486	49,829,031
Total liabilities	604,376,379	306,509,785	85,122,644	6,941,845	2,757,154	78,476,612	1,204,440	1,085,388,859
<b>Other segment information</b>								
Additions to non-current assets other than financial instruments and deferred tax assets	146,062,606	45,181,472	6,873,906	37,570	86,975	-	7,890	198,250,419
<b>2013</b>								
<b>Assets</b>								
Segment assets	1,048,959,522	388,063,050	304,323,601	20,911,033	22,359,804	3,522,788	14,952,553	1,803,092,351
Investment in associates	26,013,984	-	638,282	-	-	-	-	26,652,266
Deferred tax assets	19,638,600	6,427,743	-	26,400	-	3,855,000	-	29,947,743
Current tax assets	813,309	100	2,690	-	-	-	17,326	833,425
Total assets	1,095,425,415	394,490,893	304,964,573	20,937,433	22,359,804	7,377,788	14,969,879	1,860,525,785
<b>Liabilities</b>								
Segment liabilities	253,339,688	23,239,748	174,38,060	10,271,104	1,948,599	16,316,577	1,143,147	323,696,923
Current tax liabilities	7,074,170	-	1,252,647	170,531	-	763,623	5,825	9,266,796
Interest bearing liabilities	172,471,921	249,468,571	51,510,398	-	-	48,486,504	-	521,937,384
Deferred tax liabilities	39,842,400	-	8,803,600	-	1,025,000	-	28,178	49,699,178
Total liabilities	472,728,179	272,708,319	79,004,695	10,441,635	2,973,599	65,566,704	1,177,150	904,600,281
<b>Other segment information</b>								
Additions to non-current assets other than financial instruments and deferred tax assets	58,307,753	54,401,242	23,450,942	-	21,576	-	205,250	136,386,763

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 33. Segment information (continued)

### Geographical information

Revenue and non-current assets information is presented based on the segment's country of domicile. Revenue from external customers based on the location of its customers has not been disclosed as revenue earned outside Malaysia is insignificant. Non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current assets	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysia	629,620,689	577,596,292	859,335,542	747,497,952
The Peoples' Republic of China	12,147,549	9,476,442	12,345,760	12,677,391
Republic of Indonesia	164,753,373	101,146,703	368,419,398	352,232,475
	806,521,611	688,219,437	1,240,100,700	1,112,407,818

### Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

## 34. Significant events during the financial year

- On 17 October 2013, Kajang Resources Corporation Sdn. Bhd., a wholly-owned subsidiary of the Company has through its agent, Petik Mekar Sdn. Bhd. completed the acquisition of a parcel of freehold land held under Geran 44865, Lot 1014, situated in Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan measuring approximately 64 acres for a total cash consideration of RM50,656,932.
- On 21 October 2013, the Company has acquired 2 ordinary shares of RM1/- each representing 100% equity interest in Petik Mekar Sdn. Bhd. ("PMSB"), for a total cash consideration of RM2. As a result, PMSB became a wholly-owned subsidiary of the Company. Information on the effect of the acquisition is set out in Note 29.
- On 13 March 2014, Gabung Wajib Sdn. Bhd. ("GWSB"), a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1/- each representing 100% equity interest in Alif Mesra Sdn. Bhd. ("AMSB"), for a total cash consideration of RM2. As a result, AMSB became a wholly-owned subsidiary of GWSB. On 21 April 2014, GWSB subscribed for additional 649,998 ordinary shares of RM1/- each representing 65% of the total allotment of 999,998 ordinary shares for a total cash consideration of RM649,998. Consequently, AMSB became a 65% owned subsidiary of GWSB. Information on the effect of the acquisition is set out in Note 29.
- On 29 April 2014, the Company has undertaken a bonus issue of 69,898,293 new MKH Shares ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing MKH shares held by the shareholders of MKH ("Bonus Issue"). The Bonus Issue was completed on 20 May 2014.
- On 24 July 2014, The Company has acquired 2 ordinary shares of RM1/- each representing 100% equity interest in Danau Saujana Sdn. Bhd. ("DSSB"), for a total cash consideration of RM2. As a result, DSSB became a wholly-owned subsidiary of the Company. Information on the effect of the acquisition is set out in Note 29.
- On 8 August 2014, the Company acquired 2 ordinary shares of RM1/- each representing 100% equity interest in Pelangi Binaraya Sdn. Bhd. ("PBSB") and Suria Villa Sdn. Bhd. ("SVSB") respectively, for a total cash consideration of RM4. As a result, PBSB and SVSB became a wholly-owned subsidiary of the Company. Information on the effect of the acquisition is set out in Note 29.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 35. Significant event subsequent to the financial year end

On 12 December 2014, the Company subscribed for additional 212,498 ordinary shares of RM1/- each representing 85% of the total allotment of 249,998 ordinary shares in Achieve Acres Sdn. Bhd. for a total cash consideration of RM212,498. Consequently, Achieve Acres Sdn. Bhd. became a 85% owned subsidiary of the Company.

## 36. Operating lease arrangements – the Group as lessor

The Group have entered into property leases on its investment properties, which comprise freehold and leasehold land, with non-cancellable lease terms ranging from 12 to 30 years. The lease contracts contain fixed upward revision of the rental charges over the lease period.

Future minimum rental receivables under non-cancellable operating leases at the reporting date but not recognised as receivables, are as follows:

	2014 RM	Group 2013 RM
Not later than 1 year	3,978,119	3,407,940
Later than 1 year but not later than 5 years	16,222,356	16,058,220
Later than 5 years	58,684,337	62,826,592
	78,884,812	82,292,752

## 37. Financial Instruments

### (a) Categories of financial instruments

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:

Group 2014 Financial assets	Loans and receivables RM	Total RM
Receivables and deposits	129,468,163	129,468,163
Cash, bank balances, term deposits and fixed income funds	196,091,119	196,091,119
	325,559,282	325,559,282

Financial liabilities	Financial liabilities at amortised cost RM	Total RM
Payables and accruals	361,527,859	361,527,859
Loans and borrowings	607,809,973	607,809,973
	969,337,832	969,337,832

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 37. Financial Instruments (continued)

### (a) Categories of financial instruments (continued)

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: (continued)

<b>Group 2013 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits	103,998,798	103,998,798
Cash, bank balances, term deposits and fixed income funds	122,138,158	122,138,158
	226,136,956	226,136,956
<b>Financial liabilities</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals	281,493,564	281,493,564
Loans and borrowings	521,937,384	521,937,384
	803,430,948	803,430,948
<b>Company 2014 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits	127,549,476	127,549,476
Cash, bank balances, term deposits and fixed income funds	1,016,517	1,016,517
	128,565,993	128,565,993
<b>Financial liabilities</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals	339,429	339,429
Loan and borrowings	5,000,000	5,000,000
	5,339,429	5,339,429
<b>2013 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits	101,118,584	101,118,584
Cash, bank balances, term deposits and fixed income funds	57,925	57,925
	101,176,509	101,176,509

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 37. Financial Instruments (continued)

### (a) Categories of financial instruments (continued)

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: (continued)

Financial liabilities	Financial liabilities at amortised cost RM	Total RM
Payables and accruals	286,152	286,152
Loan and borrowings	415,478	415,478
	701,630	701,630

## 38. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

### (i) Credit risk

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

The Group's and the Company's exposure to credit risk primarily arises from its receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on subsidiaries' credit facilities.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade related receivables at the reporting date are as follows:

	2014 RM	Group % of total	2013 RM	Group % of total
<b>By country:</b>				
Malaysia	94,822,501	86.10%	82,243,783	94.76%
The Peoples' Republic of China	1,567,645	1.42%	1,632,759	1.88%
Republic of Indonesia	13,736,049	12.48%	2,911,629	3.36%
	110,126,195	100.00%	86,788,171	100.00%

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 38. Financial risk management objectives and policies (continued)

### (i) Credit risk (continued)

The Group does not have any significant exposure to any individual customer at the reporting date.

#### Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries and creditors for credit terms granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM618,166,100 (2013: RM537,000,145) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on its repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it was not probable that the counterparties to financial guarantee contracts will claim under the contracts.

### (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions so as to achieve overall cost effectiveness.

#### Analysis of financial instruments by remaining contractual maturities

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

	Carrying amount RM	Total Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
<b>Group 2014 Financial liabilities:</b>						
Payables and accruals	361,527,859	375,352,967	249,448,954	61,347,310	64,556,703	-
Loans and borrowings	607,809,973	773,279,824	261,016,918	125,250,935	330,289,452	56,722,519
	969,337,832	1,148,632,791	510,465,872	186,598,245	394,846,155	56,722,519

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 38. Financial risk management objectives and policies (continued)

### (ii) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	Carrying amount RM	Total Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
<b>Group 2013</b>						
<b>Financial liabilities:</b>						
Payables and accruals	281,493,564	283,472,872	275,108,317	5,868,113	2,496,442	-
Loans and borrowings	521,937,384	616,728,681	135,819,440	101,486,395	318,067,301	61,355,545
	803,430,948	900,201,553	410,927,757	107,354,508	320,563,743	61,355,545
<b>Company 2014</b>						
<b>Financial liabilities:</b>						
Payables and accruals	339,429	339,429	339,429	-	-	-
Loans and borrowings	5,000,000	5,000,000	5,000,000	-	-	-
	5,339,429	5,339,429	5,339,429	-	-	-
<b>2013</b>						
<b>Financial liabilities:</b>						
Payables and accruals	286,152	286,152	286,152	-	-	-
Loans and borrowings	415,478	415,478	415,478	-	-	-
	701,630	701,630	701,630	-	-	-

### (iii) Foreign currency risk

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

The Group is exposed to foreign currency risk when the currency denomination differs from its functional currency.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Ringgit Malaysia ("RM"), Indonesian Rupiah ("IDR") and Chinese Renminbi ("RMB"). The foreign currency in which these transactions are denominated is mainly USD. Foreign currency exposure in transactions and currencies other than functional currencies of the operating entities are kept to an acceptable level.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 38. Financial risk management objectives and policies (continued)

### (iii) Foreign currency risk (continued)

The Group also holds cash and bank balances denominated in USD for working capital purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in The Peoples' Republic of China and Republic of Indonesia are not hedged as currency positions in RMB and IDR are considered to be long-term in nature.

Financial assets and liabilities denominated in USD are as follows:

	2014 RM	Group 2013 RM	2014 RM	Company 2013 RM
<b>United States Dollar</b>				
Cash and bank balances	9,058,313	10,890,434	-	-
Trade receivables	1,567,645	1,632,759	-	-
Revolving credit	-	-	-	-
Term loans	278,047,100	248,021,458	-	-
	288,673,058	260,544,651	-	-

### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD exchange rate against RM, with all other variables held constant.

	2014 RM Profit for the financial year	Group 2013 RM Profit for the financial year	2014 RM Profit for the financial year	Company 2013 RM Profit for the financial year
USD/RM - strengthened 5% (2013: 5%)	700	-	-	-
- weakened 5% (2013: 5%)	(700)	-	-	-
USD/RMB - strengthened 3% (2013: 3%)	56,400	36,700	-	-
- weakened 3% (2013: 3%)	(56,400)	(36,700)	-	-
USD/IDR - strengthened 5% (2013: 5%)	(10,123,000)	(8,892,400)	-	-
- weakened 5% (2013: 5%)	10,123,000	8,892,400	-	-

### (iv) Interest rate risk

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

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets include finance lease receivables, loan receivables and deposits with licensed banks. Deposits are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 38. Financial risk management objectives and policies (continued)

### (iv) Interest rate risk (continued)

The Group's interest bearing financial liabilities comprise finance lease, bank overdrafts, revolving credits, bridging loan and term loans.

The fixed deposits placed with licensed banks and loan receivables at fixed rate exposes the Group to fair value interest rate risk. The bank overdrafts, revolving credits, bridging loan and term loans totalling RM604,314,566 (2013: RM518,593,725) at floating rate expose the Group to cash flow interest rate risk whilst finance lease of RM3,495,407 (2013: RM3,343,659) at fixed rate expose the Group to fair value interest rate risk.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group also actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of assets.

#### Sensitivity analysis for interest rate risk

As at the reporting date, a change of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the total equity and profit after tax by approximately RM2,266,200 (2013: RM1,944,700), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

## 39. Fair value of financial instruments

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

### (i) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

### (ii) Long term trade receivable and payable, loan receivables and finance lease receivables

The fair values of long term trade receivable and payable, loan receivables and finance lease receivables are estimated using expected future cash flows of contractual instalment payments discounted at current prevailing rates offered for similar types of credit or lending arrangements.

### (iii) Borrowings

The carrying amounts of bank overdrafts, short term revolving credits, bridging loan and short term loans approximate fair values due to the relatively short term maturities of these financial liabilities.

The carrying amounts of long term floating rate revolving credits and loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease is estimated using discounted cash flow analysis, based on current lending rates for similar types of lending arrangements.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 39. Fair value of financial instruments (continued)

The carrying amounts and fair value of financial instruments, other than the carrying amounts which are reasonable approximation of fair values, are as follows:

	Group	Group	Company	Company
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>2014</b>				
<b>Financial assets</b>				
Long term other receivables	2,031,531	347,829	-	-
<b>Financial liabilities</b>				
Finance lease liabilities	3,495,407	3,499,055	-	-
<b>2013</b>				
<b>Financial assets</b>				
Long term other receivables	2,107,053	938,696	-	-
<b>Financial liabilities</b>				
Finance lease liabilities	3,343,659	3,316,543	-	-

## 40. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 30 September 2014:-

	Level 1 RM	Fair value measurement using Level 2 RM	Level 3 RM	Total RM
<i>Investment properties (Note 13)</i>				
Commercial properties	-	42,800,000	193,200,000	236,000,000
Office and shophot	-	10,607,000	7,836,000	18,443,000
Education centre	-	-	45,000,000	45,000,000
	-	53,407,000	246,036,000	299,443,000
<i>Liability for which fair value is disclosed (Note 39)</i>				
Finance lease payables	-	3,499,055	-	3,499,055
<i>Asset for which fair value is disclosed (Note 39)</i>				
Long term other receivables	-	347,829	-	347,829

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 40. Fair value hierarchy (continued)

Fair value reconciliation of investment properties measured at level 3 are as follow:

	Commercial properties RM	Office and shoptot RM	Education centre RM	Total RM
<i>Investment properties</i>				
At 1 October 2013	189,700,000	7,817,700	31,216,952	228,734,652
Changes in fair value recognised in profit or loss (unrealised)	3,500,000	18,300	8,243,324	11,761,624
Additions	-	-	5,539,724	5,539,724
At 30 September 2014	193,200,000	7,836,000	45,000,000	246,036,000

Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of FRS 13.

Description of valuation techniques used and key unobservable inputs to valuation on investment properties measured at level 3 are as follow:

Property category	Valuation technique	Significant unobservable inputs	Range
<i>Investment properties</i>			
Commercial properties	Investment method	Estimated average rental rate per square feet per month	RM1.60 - RM12.96
		Estimated price per parking bay	RM15,000
		Estimated outgoings per square feet per month	RM1.50 - RM2.60
		Term yield	7%
		Reversionary yield	7.25%
		Sinking fund	3%
		Void rate	0 - 5%
Commercial properties	Cost method	Construction price per square feet	RM120
Office and shoptot	Investment method	Estimated rental rate per square feet per month	RM4
		Estimated price per parking bay	RM17,000
		Estimated outgoings per square feet per month	RM0.25
		Term yield	7.5%
Education centre	Investment method	Estimated rental rate per square feet per month	RM0.75
		Estimated outgoings per square feet per month	RM0.04 - RM0.05
		Term yield	5.50%
		Reversionary yield	6%
		Void rate	2.50%

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 40. Fair value hierarchy (continued)

The estimated fair value would increase/(decrease) if:

- Estimated rental/average rental rate per square feet per month were higher/(lower)
- Estimated price per parking bay per month were higher/(lower)
- Estimated outgoings per square feet per month lower/(higher)
- Rent growth rate per annum were higher/(lower)
- Void rate lower/(higher)
- Term yield rate lower/(higher)
- Reversionary yield rate lower/(higher)
- Sinking fund rate lower/(higher)
- Construction price per square feet higher/(lower)

### Direct Comparison method

Under the direct comparison method, a property's fair value is estimated based on comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences. Fair value of properties derived using direct comparison method have been generally included in Level 2 fair value hierarchy. The most significant input into this valuation approach is price per square feet of comparable properties.

### Investment method

In the investment method of valuation, the projected net income and other benefits that the subject property can generate over the life of the property is capitalised at market derived term yields to arrive at the present market value of the property. Net income is the residue of gross annual rental less annual expenses (outgoings) required to sustain the rental with allowance for void.

### Cost method of valuation

In the Cost Method of Valuation, the market value of the subject property is the sum of the market value of the land and building. The value of the building is assumed to have a direct relationship with its cost of construction. The cost of construction is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value.

### Valuation processes applied by the Group

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuer provides the fair value of the Group's investment property annually. Change in Level 3 fair values are analysed by the management annually after obtaining valuation report from the independent professional valuer.

The fair value of land and buildings under property, plant and equipment is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group revalues its land and buildings every five years or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

### 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 the transfer.

### Transfer between Level 1 and 2 fair value

There is no transfer between Level 1 and 2 fair values during the financial year.

# Notes to the Financial Statements

30 SEPTEMBER 2014

## 41. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to sustain future development of the businesses so that it can continue to maximise returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or repay existing borrowings. No changes were made in the objectives, policies and processes during the financial years ended 30 September 2014 and 30 September 2013.

The debt-to-equity ratio is calculated as total debts divided by total capital of the Group. Total debts comprise interest bearing loans and borrowings whilst total capital is the total equity attributable to owners of the parent. The Group's policy is to keep the debt-to-equity ratio not exceeding 70%. The debt-to-equity ratio as at 30 September 2014 and 2013, which are within the Group's objectives of capital management are as follows:

	2014	Group 2013
Loans and borrowings (RM)	607,809,973	521,937,384
Total equity attributable to owners of the parent (RM)	1,034,505,440	953,331,946
Debt-to-equity ratio (%)	59%	55%

The Group is not subject to any externally imposed capital requirements other than certain subsidiaries which are required to maintain a debt-to-equity ratio of 70:30 and loan-to-value ratio of not more than 70% in respect of its revolving credit and one of its term loan facilities. The Group have complied with this capital requirement as at the financial year end.

## 42. Comparative figures

During the financial year, the Group adopted FRSIC Consensus 22 "Classification of Fixed Deposits and Similar Instruments as Cash and Cash Equivalents" issued by the Malaysian Institute of Accountants. The consensus provides guidance on the classification of fixed deposits and similar instruments (with original maturity term of more than three months and with option to early withdraw the fixed deposits on demand) as cash equivalents in the statement of cash flows. Accordingly, the Group considered its fixed deposits with licensed banks with a maturity period of more than 3 months as non short term and highly liquid investments and retrospectively excluded these deposits from cash and cash equivalents in the statements of cash flows.

The following comparative figures were restated following the adoption of the abovementioned consensus:

	As restated RM	As previously reported RM
<b>Group</b>		
<b>Statement of Cash Flows</b>		
Net cash used in investing activities	(162,369,166)	(163,813,134)
Cash and cash equivalents at beginning financial year	70,733,720	77,528,199
Cash and cash equivalents at end of financial year	113,280,812	118,631,323

# Supplementary Information

## ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 30 September 2014 and 2013 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at 30 September 2014 and 2013 is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Total retained earnings of the Company and its subsidiaries:				
- realised	611,837,736	595,529,690	373,561,297	362,321,810
- unrealised	110,301,686	81,052,538	749,025	781,625
	722,139,422	676,582,228	374,310,322	363,103,435
Total share of retained earnings from associates:				
- realised	8,186,110	23,402,266	-	-
	730,325,532	699,984,494	374,310,322	363,103,435
Less: Consolidation adjustments	(134,181,428)	(126,899,979)	-	-
Total retained earnings	596,144,104	573,084,515	374,310,322	363,103,435

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

# List of Properties

AS AT 30 SEPTEMBER 2014

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2014 RM'000	*Date of Revaluation/ Date of Acquisition
<b><u>Aliran Perkasa Sdn. Bhd.</u></b>					
Lot 42195, Mukim Kajang, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	3.088	Freehold	1,345	01.04.2004
Lot 42182, Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Rubber trees	1.495	Freehold	660	07.02.2005
Lot 1996, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	19.031	Freehold	34,906	22.03.2010
Lot 1990, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	5.842	Freehold	4,201	01.08.2011
Lot 25301, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	2.878	Freehold	3,349	01.08.2011
Lot 2006, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: Vacant land	10.394	Freehold	7,188	25.10.2011
PT 37330, Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	6.872	Freehold	5,819	22.03.2010
PT 37331 (previously Lot 2322), Mukim Semenyih, Daerah Ulu Langat, Selangor	Land approved for development Existing use: Vacant land	5.608	Freehold	4,961	01.07.2010
<b><u>Gerak Teguh Sdn. Bhd.</u></b>					
All of the parcels of land held by this subsidiary are located at Mukim Semenyih, Daerah Ulu Langat, Selangor and form part of the mixed development project of Taman Pelangi Semenyih					
PT 26791	Vacant residential land	16.140	Freehold	1,429	08.10.2001
PT 26792	Vacant commercial land	0.500	Freehold	139	08.10.2001
PT 26793	Existing use: 1-storey clubhouse, car park and swimming pool (built-up area of 17,797 sq. ft., Building age: 6 years) and part of the land is vacant	2.530	Freehold	513	08.10.2001
PT 26794	Existing use: lease out for commercial building	2.200	Freehold	9,000	30.09.2014 (Investment Properties stated at fair value)
PT 26795	Existing use: lease out for commercial building	6.900	Freehold	13,500	30.09.2014 (Investment Properties stated at fair value)

# List of Properties

AS AT 30 SEPTEMBER 2014

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2014 RM'000	*Date of Revaluation/ Date of Acquisition
<b><u>Hiliran Juara Sdn. Bhd.</u></b>					
PT 417 to 427 (11 lots), Pekan Baru Sungai Besi, Daerah Petaling, Selangor	Land approved for residential and commercial development Existing use: partly vacant & partly occupied by building	11.980	Leasehold expiring in year 2100	19,774	14.01.2005
<b><u>Intelek Murni (M) Berhad</u></b>					
PT 25624, Taman Bukit Mewah, Kajang, Selangor	3-storey clubhouse, car park and swimming pool, all known as Mewah Club (built-up area of 39,478 sq. ft.) (Building age: 20 years)	4.840	Freehold	12,357	*29.09.2010
<b><u>Kajang Resources Corporation Sdn. Bhd.</u></b>					
All of the parcels of land held by this subsidiary are located at Batu 18, Jalan Semenyih, Mukim Semenyih, Daerah Ulu Langat, Selangor					
Lot 12835 (previous PT 21725)	Vacant commercial land	3.606	Freehold	3,252	1991
PT Nos. 50 and 51	Residential land Existing use: Oil palm plantation	9.659	Leasehold expiring in year 2089	2,800	1991
PT Nos. 131 and 132	Vacant residential land	1.572	Freehold	323	19.08.1997
Lot 27977	Agricultural title Existing use: vacant land	9.219	Freehold	1,911	26.05.1994
Lot Nos. 2118 and 2119	Land approved for development Existing use: Vacant land	10.380	Freehold	35,941	11.08.1995
Lot 2217	Land approved for development Existing use: Vacant land	7.394	Freehold		19.08.1997
Lot 2121	Land approved for development Existing use: Vacant land	5.181	Freehold		18.05.2012
Lot 2231	Land approved for development Existing use: Vacant land	7.387	Freehold		23.04.2010
Lot Nos. 2822, 2823 and 2824	Land approved for development Existing use: Vacant land	17.007	Freehold		13.01.2011
PT 10952	Land approved for development Existing use: Vacant land	3.296	Freehold		06.08.2010
PT 10953	Land approved for development Existing use: Vacant land	3.296	Freehold		04.08.2010
Lot 2227	Agricultural title Existing use: vacant land	7.006	Freehold	4,580	14.01.2011

# List of Properties

AS AT 30 SEPTEMBER 2014

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2014 RM'000	*Date of Revaluation/ Date of Acquisition
<b><u>Laju Jaya Sdn. Bhd.</u></b>					
PT Nos. 19379 to 19391 (13 lots) Jalan Semenyih, Kajang, Selangor	Wisma MKH. A 6-storey hotel cum office building with built-up area of 171,935 sq.ft. Existing use: 100% tenanted (Building age: 20 years)	0.585	Leasehold expiring in 2089	27,959	*29.09.2010
<b><u>Maha Usaha Sdn. Bhd.</u></b>					
PT No. 19482, Bandar Kajang, Daerah Ulu Langat, Selangor	Commercial complex with built-up area of approximately 600,000 sq. ft. Existing use: 100% tenanted (Building age: 18 years)	2.330	Leasehold expiring in 2089	138,500	30.09.2014 (Investment Properties stated at fair value)
<b><u>Metro Tiara (M) Sdn. Bhd.</u></b>					
Unit 1-1, Tingkat 1, Dataran Pelangi Utama, Pelangi Utama, Jalan Masjid, PJU6A, Petaling Jaya, Selangor	1 unit of stratified office lot within a block of 6-storey shop offices with 58 bays of car park. (Building age: 6.5 years)	2,971 sq. ft. (net lettable area)	Leasehold expiring in year 2101	2,470	30.09.2014 (Investment Properties stated at fair value)
PT No. 76622, Bandar Kajang, Daerah Ulu Langat, Selangor	Private school complex with built-up area of approximately 224,736 sq.ft. (Building age: 11 months)	5.0	Freehold	45,000	30.09.2014 (Investment Properties stated at fair value)
<b><u>Pelangi Semenyih Sdn. Bhd.</u></b>					
Part of Lot 967, Mukim Beranang, Daerah Ulu Langat, Selangor	Land approved for mix development Existing use: vacant land	16.593	Freehold	3,508	27.03.2009
<b><u>Petik Mekar Sdn. Bhd.</u></b>					
Lot 1014, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: vacant land	64.607	Freehold	52,793	10.07.2013
Lot 21740, Mukim Semenyih, Daerah Ulu Langat, Selangor	Agricultural title Existing use: vacant land	10.544	Freehold	10,290	05.07.2013
<b><u>PT. Khaleda Agroprima Malindo</u></b>					
East Kalimantan, Indonesia	Oil palm plantation and office building and estate quarter (built-up area of approximately 3,375,183.56 sq.ft.)	39,395	Leasehold of 35 years expiring in year 2042 with an option to renew for a further period of 25 years	286,817	18.01.2008

# List of Properties

AS AT 30 SEPTEMBER 2014

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2014 RM'000	*Date of Revaluation/ Date of Acquisition
<b><u>Puncak Alam Resources Sdn. Bhd.</u></b>					
Lot PT 834, Mukim Ijok and PT 1092, Mukim Jeram, District of Kuala Selangor, Selangor	Agriculture title Existing use: vacant land	438.050	Leasehold expiring in year 2091	151,532	25.06.2013
<b><u>Serba Sentosa Sdn. Bhd.</u></b>					
Lot 456, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	Existing use: lease out for commercial building	1.047	Leasehold expiring in year 2096	11,000	30.09.2014 (Investment Properties stated at fair value)
PT 35799, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: office	1.210	Leasehold expiring in year 2096	3,026	25.07.1995
Lot 42275, Seksyen 9, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: vacant land	1.857	Leasehold expiring in year 2096	4,619	25.07.1995
PT 56159, Bandar Kajang, Daerah Ulu Langat, Selangor	Land approved for commercial development Existing use: vacant land	3.720	Leasehold expiring in year 2103	9,249	25.07.1995
PT 69670, Bandar Kajang, Daerah Ulu Langat, Selangor	Vacant commercial land	1.194	Leasehold expiring in year 2107	3,722	25.07.1995
Lot 41078 and 41086 Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor	Vacant residential land	1.011	Freehold	953	05.08.2004
<b><u>Srijang Indah Sdn. Bhd.</u></b>					
Lot 501, Seksyen 7, Bandar Kajang, Daerah Ulu Langat, Selangor	4-storey commercial complex with built-up area of approximately 358,707 sq. ft. Existing use: 97% tenanted (Building age: 7.5 years)	1.720	Leasehold expiring in year 2102	50,000	30.09.2014 (Investment Properties stated at fair value)
PT No 54017, Bandar Baru Bangi, Daerah Ulu Langat, Selangor	1.5-storey hypermarket building (built-up area of 67,089 sq. ft.) (Building age: 11 years)	1.770	Freehold	14,000	30.09.2014 (Investment Properties stated at fair value)
Unit G-1, G-2 & G-3, Idaman KL 128 (Saville Residence), 128, Jalan Klang Lama, Kuala Lumpur	3 units of strata shop lot within a block of 30-storey serviced apartment with 70 bays of car park. (Building age: 4 years)	11,077 sq. ft. (total net lettable area)	Freehold	7,836	30.09.2014 (Investment Properties stated at fair value)

# List of Properties

AS AT 30 SEPTEMBER 2014

Location	Description and Existing Use	Land Area (acres)	Tenure	Carrying Amount As At 30-9-2014 RM'000	*Date of Revaluation/ Date of Acquisition
Unit G-3A, 1-3A, G-5, 1-5, G-6 & 1-6, Pangsapuri Khidmat Melawati (Saville@Melawati), No. 2, Jalan Kolam Air, Desa Melawati, Kuala Lumpur	3 units of strata shop and office lot within two blocks of 24-storey serviced apartment with 119 bays of car park. (Building age: 9 months)	11,514 sq. ft. (total net lettable area)	Freehold	8,137	30.09.2014 (Investment Properties stated at fair value)
<b><u>Srijang Kemajuan Sdn. Bhd.</u></b>					
Part of Lot 660, 661, 662 and 663, Seksyen 10, Bandar Kajang, Part of Lot 246, 300, 1028, 1029, 1070 and 1127, Mukim Kajang, all in Daerah Hulu Langat, Selangor	Land approved for mixed development Existing use: vacant land	240.049	Freehold	128,938	05.05.2008
Geran 94270, Lot 38631 and Geran 94269, Lot 38636, Bandar Kajang, Daerah Hulu Langat, Selangor	Agricultural title Existing use: partly occupied	4.052	Freehold		04.01.2011
<b><u>Stand Allied Sdn. Bhd.</u></b>					
PT 5188, Seksyen 40, Bandar Petaling Jaya, Daerah Petaling, Selangor	Vacant commercial land	1.531	Freehold	10,591	18.07.2014
<b><u>Sumber Lengkap Sdn. Bhd.</u></b>					
Lot 15694, Mukim Semenyih, Daerah Ulu Langat, Selangor	Vacant residential land	3.105	Freehold	1,605	30.04.1999
Lot 15683, Mukim Semenyih, Daerah Ulu Langat, Selangor	Vacant residential land	3.184	Freehold		
Part of Lot 15703, Mukim Semenyih, Daerah Ulu Langat, Selangor	Partly vacant residential land	1.770	Freehold	460	30.04.1999
<b><u>Vast Furniture Manufacturing (Kunshan) Co. Ltd.</u></b>					
Lot 1120101015 & Lot 1120101009, 588 Airport Road, Shipu Town, Kunshan City, Jiangsu Province, Republic of China	Office, factory buildings & partial vacant land (Building age: 14 years), new factory building (Building age: 9 years)	10.000	Leasehold of 50 years expiring in 2049	11,968	*20.09.2010
<b><u>MKH Berhad</u></b>					
Lot No. 2 and Lot No. 8, Jalan Bukit Mewah 66, Kajang, Selangor	Two units of 2-storey shop house with built up area of approximately 8,802 sq. ft. .=(Building age: 16 years)	4,401 sq. ft. (Total lettable area)	Freehold	537	*29.09.2010

Note:

\* All revalued assets were as at 29 September 2010, except Vast Furniture Manufacturing (Kunshan) Co. Ltd., which was at 20 September 2010.

# Analysis of Shareholdings

AS AT 31 DECEMBER 2014

## SHARE CAPITAL

Authorised Share Capital : RM1,000,000,000

Issued and Fully Paid-up : RM419,406,624

Type of Shares : Ordinary shares of RM1.00 each

Voting Rights : One vote per shareholder on a show of hands  
One vote per ordinary share on a poll } In the meeting of shareholders

No. of Shareholders : 5,157

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	Total Holdings	%
1 - 99	503	9.754	18,264	0.004
100 - 1,000	500	9.695	281,002	0.067
1,001 - 10,000	2,714	52.627	11,426,684	2.725
10,001 - 100,000	1,157	22.436	33,806,174	8.060
100,001 - 20,970,330	279	5.410	202,580,855	48.302
20,970,331 and above	4	0.078	171,293,645	40.842
<b>Total</b>	<b>5,157</b>	<b>100.00</b>	<b>419,406,624</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

	Name of Shareholder	Direct Interest	No. of Shares Held		%
			%	Indirect Interest	
1	Chen Choy & Sons Realty Sdn Bhd ("CCSR")	118,777,618	28.320	54,941,784 *	13.100
2	Public Bank Group Officers' Retirement Benefits Fund	41,040,047	9.785	-	-
3	Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngai Chong	3,905,910	0.931	181,152,150 #	43.192
4	Tan Sri Datuk Chen Lok Loi	7,564,704	1.804	176,835,242 ^	42.163
5	Chen Fook Wah	603,592	0.144	173,719,402 @	41.420
6	Chen Ying @ Chin Ying	-	-	173,719,402 @	41.420

Notes :

\* Deemed interest through shares held in nominee companies.

# Deemed interest through shares held in CCSR, Lotus Way Sdn Bhd and shares held through nominee company.

^ Deemed interest through shares held in CCSR and a nominee company.

@ Deemed interest through shares held in CCSR.

# Analysis of Shareholdings

AS AT 31 DECEMBER 2014

## LIST OF TOP 30 SHAREHOLDERS

(Without Aggregating Securities from Different Securities Accounts Belonging To the Same Registered Holder)

No.	Name	Shareholdings	%
1	Chen Choy & Sons Realty Sdn Bhd	51,300,000	12.231
2	Chen Choy & Sons Realty Sdn Bhd	38,700,000	9.227
3	Chen Choy & Sons Realty Sdn Berhad	28,777,618	6.861
4	Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Public Bank Group Officers' Retirement Benefits Fund	26,579,335	6.337
5	RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	25,936,692	6.184
6	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Berhad	14,640,000	3.491
7	Public Invest Nominees (Tempatan) Sdn Bhd Qualifier: Public Bank Group Officers' Retirement Benefits Fund	14,460,712	3.448
8	RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Berhad	7,885,092	1.880
9	Tan Sri Datuk Chen Lok Loi	7,564,704	1.804
10	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd	6,480,000	1.545
11	Tasec Nominees (Asing) Sdn Bhd Qualifier: Phillip Securities Pte Ltd	4,800,000	1.144
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	4,502,800	1.074
13	Koperasi Permodalan Felda Malaysia Berhad	4,500,000	1.073
14	Cau Vong Holdings Sdn Bhd	4,054,749	0.967
15	Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngai Chong	3,905,910	0.931
16	Lotus Way Sdn Bhd	3,832,748	0.914
17	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngai Chong	3,600,000	0.858
18	Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Liberty Alliance (M) Sdn Bhd	3,115,840	0.743
19	Tan Sou Yee	3,062,439	0.730
20	Citigroup Nominees (Asing) Sdn Bhd Qualifier: CBNY For Dimensional Emerging Markets Value Fund	2,839,369	0.677
21	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board	2,578,900	0.615
22	JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Teo Siew Lai	2,320,421	0.553
23	Low Siew Lian	2,288,509	0.546
24	Goh Thong Beng	2,178,900	0.519
25	Key Development Sdn Berhad	2,172,265	0.518
26	EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account For Selestar Realty Sdn Bhd	2,134,440	0.509
27	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: Affin Hwang Aiman Growth Fund	2,100,000	0.501
28	Wong Ah Tim @ Ong Ah Tin	2,100,000	0.501
29	Amanahraya Trustees Berhad Qualifier: Affin Hwang Growth Fund	1,642,200	0.392
30	United Teochew (Malaysia) Bhd	1,640,300	0.391
<b>TOTAL</b>		<b>281,693,943</b>	<b>67.164</b>

# Directors' Shareholdings

AS AT 31 DECEMBER 2014

## MKH BERHAD

Name of Director	No. of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	3,905,910	0.931	181,152,150 *	43.192
Tan Sri Datuk Chen Lok Loi	7,564,704	1.804	176,835,242 ^	42.163
Chen Fook Wah	603,592	0.144	173,719,402 #	41.420
Mah Swee Buoy	175,201	0.042	-	-
Mohammed Chudi Bin Haji Ghazali	50,294	0.012	-	-
Jeffrey Bin Bosra	12,000	0.003	-	-

Notes :-

\* Deemed interest through shares held in Chen Choy & Sons Realty Sdn Bhd ("CCSR"), Lotus Way Sdn Bhd and shares held through nominee company.

^ Deemed interest through shares held in CCSR and a nominee company.

# Deemed interest through shares held in CCSR.

## RELATED COMPANY

### - Srijang Kemajuan Sdn Bhd

Name of Director	No. of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Indirect Interest	%
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1	0.0003	-	-

# Analysis of Warrant Holdings

AS AT 31 DECEMBER 2014

## WARRANTS B

Rights Issue of Warrants 2012/2017	:	34,876,599
No. of Warrants Unexercised	:	34,620,800
Exercise Price of the Warrants	:	RM1.89
Exercise Period	:	From the date of issuance of 31 December 2012 to the expiry date on 30 December 2017
Expiry Right	:	Each Warrant entitles the holder during the Exercise Period to subscribe for one (1) new ordinary share of RM1.00 each at the Exercise Price

## ANALYSIS OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Holders	%	Total Holdings	%
1 - 99	119	8.410	4,870	0.014
100 - 1,000	545	38.516	242,588	0.701
1,001 - 10,000	499	35.265	1,836,911	5.306
10,001 - 100,000	206	14.558	6,052,837	17.483
100,001 - 1,731,039	45	3.180	11,440,312	33.045
1,731,040 and above	1	0.071	15,043,282	43.451
<b>Total</b>	<b>1,415</b>	<b>100.00</b>	<b>34,620,800</b>	<b>100.00</b>

## SUBSTANTIAL WARRANT HOLDERS

Name of Warrant Holder	Direct Interest	No. of Warrants Held %	Indirect Interest	%
1 Chen Choy & Sons Realty Sdn Bhd ("CCSR")	15,043,282	43.452	-	-
2 Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngj Chong	635,491	1.836	15,333,926 #	44.291
3 Tan Sri Datuk Chen Lok Loi	630,391	1.821	15,281,302 ^	44.139
4 Chen Fook Wah	115,794	0.334	15,043,282 *	43.452
5 Chen Ying @ Chin Ying	-	-	15,043,282 *	43.452

Notes :-

# Deemed interest through shares held in CCSR and Lotus Way Sdn Bhd.

^ Deemed interest through shares held in CCSR and a nominee company.

\* Deemed interest through shares held in CCSR.

# Analysis of Warrant Holdings

AS AT 31 DECEMBER 2014

## LIST OF TOP 30 WARRANT HOLDERS

(Without Aggregating Securities from Different Securities Accounts Belonging To the Same Registered Holder)

No.	Name	No. of Warrants	%
1	Chen Choy & Sons Realty Sdn Berhad	15,043,282	43.452
2	United Teochew (Malaysia) Bhd	1,063,600	3.072
3	Chong Gong Gong	880,000	2.542
4	Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngj Chong	635,491	1.835
5	Tan Sri Datuk Chen Lok Loi	630,391	1.821
6	UOB Kay Hian Nominees (Tempatan) Sdn Bhd	624,600	1.804
	Qualifier: Pledged Securities Account For Rentas Megah Sdn Bhd		
7	Public Nominees (Tempatan) Sdn Bhd	572,700	1.654
	Qualifier: Pledged Securities Account For Lee Ah Noi		
8	Cimsec Nominees (Tempatan) Sdn Bhd	500,000	1.444
	Qualifier: Ong Kian Hock		
9	UOB Kay Hian Nominees (Tempatan) Sdn Bhd	360,000	1.040
	Qualifier: Pledged Securities Account For Lim Teong Leong		
10	Teo Lay Choo	342,200	0.988
11	JF Apex Nominees (Tempatan) Sdn Bhd	300,830	0.869
	Qualifier: Pledged Securities Account For Teo Kwee Hock		
12	Lotus Way Sdn Bhd	290,644	0.840
13	Tan Sou Yee	279,082	0.806
14	Fong Moh Cheek @ Fong Mow Kit	252,000	0.728
15	Alliancegroup Nominees (Tempatan) Sdn Bhd	238,020	0.688
	Qualifier: Pledged Securities Account For Liberty Alliance (M) Sdn Bhd		
16	UOB Kay Hian Nominees (Tempatan) Sdn Bhd	233,400	0.674
	Qualifier: Pledged Securities Account For Chan Sook May		
17	Public Nominees (Tempatan) Sdn Bhd	225,980	0.653
	Qualifier: Pledged Securities Account For Yap Soon Heng		
18	Cau Vong Holdings Sdn Bhd	214,000	0.618
19	Koon Huat Sdn Bhd	195,000	0.563
20	Goh Thong Beng	192,000	0.555
21	Low Siew Lian	190,708	0.551
22	Penney Khoo Soh Ping	182,797	0.528
23	Looi Bian Cheong	178,900	0.517
24	Lam Seng Plastics Industries Sdn Bhd	160,500	0.464
25	Ong Chooi Hwa	151,000	0.436
26	Chen Yoke Faa	140,000	0.404
27	Wong Jee Shyong	140,000	0.404
28	Sia Soo Ching	139,580	0.403
29	HLIB Nominees (Tempatan) Sdn Bhd	133,000	0.384
	Qualifier: Pledged Securities Account For Koay Ean Chim		
30	DB (Malaysia) Nominee (Asing) Sdn Bhd	132,000	0.381
	Qualifier: Deutsche Bank AG Singapore		
<b>TOTAL</b>		<b>24,621,705</b>	<b>71.118</b>

# Directors' Warrant Holdings

AS AT 31 DECEMBER 2014

## MKH BERHAD

Name of Director	Direct Interest	No. of Warrants Held		%
		%	Indirect Interest	
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngai Chong	635,491	1.836	15,333,926 *	44.291
Tan Sri Datuk Chen Lok Loi	630,391	1.821	15,281,302 ^	44.139
Chen Fook Wah	115,794	0.334	15,043,282 #	43.452
Mah Swee Buoy	15,638	0.045	-	-
Mohammed Chudi Bin Haji Ghazali	1,524	0.004	-	-

Notes :-

\* Deemed interest through shares held in Chen Choy & Sons Realty Sdn Bhd ("CCSR") and Lotus Way Sdn Bhd.

^ Deemed interest through shares held in CCSR and a nominee company.

# Deemed interest through shares held in CCSR.

# Notice of Thirty-Fifth Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Fifth Annual General Meeting (“35<sup>th</sup> AGM”) of MKH Berhad will be held at Ballroom, 1<sup>st</sup> Floor, Prescott Hotel Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 5 March 2015 at 10.00 a.m. to transact the following businesses:

## Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2014 together with the Directors’ and Auditors’ reports thereon.

**(Please refer to Explanatory Note A)**

2. To approve Directors’ fees amounting to RM250,000-00 for the financial year ended 30 September 2014.

**(Ordinary Resolution 1)**

3. To re-elect Jeffrey Bin Bosra, who retires by rotation pursuant to Article 110(1) of the Company’s Articles of Association and being eligible, has offered himself for re-election.

**(Ordinary Resolution 2)**

4. To re-appoint the following Directors who retire pursuant to Section 129(2) of the Companies Act, 1965:-

- (a) Tan Sri Dato’ Chen Kooi Chiew @ Cheng Ngi Chong
- (b) Datuk Mohammad Bin Maidon
- (c) Mohammed Chudi Bin Haji Ghazali
- (d) Haji Mohamed Bin Ismail
- (e) Haji Hasan Aziz Bin Mohd Johan

**(Ordinary Resolution 3)**  
**(Ordinary Resolution 4)**  
**(Ordinary Resolution 5)**  
**(Ordinary Resolution 6)**  
**(Ordinary Resolution 7)**

5. To appoint Messrs Deloitte to act as Auditors of the Company in place of the retiring Auditors, Messrs Baker Tilly AC, to hold office until the conclusion of the next Annual General Meeting and at a remuneration to be determined by the Board of Directors.

Notice of Nomination from a substantial shareholder pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed in the 2014 Annual Report referred to as “Appendix I” has been received by the Company for the nomination of Messrs Deloitte for appointment as Auditors in place of the retiring Auditors, Messrs Baker Tilly AC.

**(Ordinary Resolution 8)**

## Special Business:

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

6. Ordinary Resolution  
*Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965.*

**“THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares of the Company at any time until the conclusion of the next Annual General Meeting of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 per centum of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.”

**(Ordinary Resolution 9)**

# Notice of Thirty-Fifth Annual General Meeting

## 7. Ordinary Resolution

*Proposed Renewal Of Authority For The Company To Purchase Its Own Shares ("Proposed Renewal Of Share Buy-Back")*

**"THAT** subject to Section 67A of the Companies Act, 1965, provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to exercise the power of the Company to purchase such amount of ordinary shares in the Company from time to time through Bursa Securities subject further to the following:

- (i) the aggregate number of shares purchased does not exceed 10% of the total issued and paid-up share capital of the Company ("Purchased Shares") at the point of purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Purchased Shares shall not exceed the total retained profits and share premium account of the Company at the time of the purchase(s); and
- (iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company unless the authority is renewed subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - (c) it is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first,

- (iv) upon the completion of the purchase(s) of the Purchased Shares, the Directors of the Company be and are hereby authorised to deal with the Purchased Shares in the following manner:-
  - (a) to cancel the Purchased Shares so purchased; or
  - (b) to retain the Purchased Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; or
  - (c) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
  - (d) to deal in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary to implement, finalize and give full effect to the Proposed Renewal of Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with fullest power to do all such acts and things thereafter as the Directors may deem fit and expedient in the best interest of the Company."

**(Ordinary Resolution 10)**

# Notice of Thirty-Fifth Annual General Meeting

## 8. Ordinary Resolution

### *Retention of Independent Directors*

(a) “**THAT** subject to the passing of Ordinary Resolution 5, approval be and is hereby given to Mohammed Chudi Bin Haji Ghazali, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012.”

**(Ordinary Resolution 11)**

(b) “**THAT** subject to the passing of Ordinary Resolution 6, approval be and is hereby given to Haji Mohamed Bin Ismail, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012.”

**(Ordinary Resolution 12)**

### **Any Other Business:**

9. To transact any other business of the Company of which due notice shall have been given in accordance with the Company’s Articles of Association and the Companies Act, 1965.

By Order of the Board,

**TAN WAN SAN** (MIA 10195)  
*Group Company Secretary*  
*Kajang, Selangor Darul Ehsan*  
*Date : 29 January 2015*

# Notice of Thirty-Fifth Annual General Meeting

## Notes:

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative may but need not be a member of the Company.
2. The power of attorney or an office copy or a notarially certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its common seal or in the manner authorised by its constitution.
3. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
5. Only members whose names appear in the Record of Depositors as at 26 February 2015 will be entitled to attend and vote at the meeting or appoint a proxy or proxies to attend and vote in his/her stead.
6. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or an office copy or a notarially certified copy thereof must be deposited at the registered office at Suite 1, 5<sup>th</sup> Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, at least 48 hours before the time appointed for holding the meeting.

## 7. Explanatory Note A

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

## 8. Explanatory Statement Pertaining to Ordinary Business

### Ordinary Resolutions 3, 4, 5, 6 & 7

The proposed Ordinary Resolutions 3, 4, 5, 6 & 7 under item 4 is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Datuk Mohammad Bin Maidon, Mohammed Chudi Bin Haji Ghazali, Haji Mohamed Bin Ismail and Haji Hasan Aziz Bin Mohd Johan who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting ("AGM") of the Company. This resolution must be passed by a majority of not less than three-fourth of such Members of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the AGM of the Company.

### Ordinary Resolution 8

The proposed Ordinary Resolution 8 is to appoint Messrs Deloitte in place of Messrs Baker Tilly AC whose terms expires at the conclusion of the 35<sup>th</sup> AGM. The Board value the audit function provided by Baker Tilly AC over the years and appreciate the excellent work provided.

# Notice of Thirty-Fifth Annual General Meeting

## 9. Explanatory Statement Pertaining to Special Business

### Ordinary Resolution 9

*The proposed Ordinary Resolution 9, if passed, will give the Directors authority to issue and allot new shares of the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion consider to be in the best interest of the Company, without having to convene a general meeting, provided that the aggregate number of shares issued pursuant thereto does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.*

*The general mandate sought to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Thirty-Fourth (34<sup>th</sup>) AGM held on 20 February 2014. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible future bonus issue and/or fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.*

*As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM which shall lapse at the conclusion of the 35<sup>th</sup> AGM to be held on Thursday, 5 March 2015.*

### Ordinary Resolution 10

*The proposed Ordinary Resolution 10, if passed, will give authority to the Directors of the Company to exercise the power of the Company to purchase up to 10% of the issued and paid-up share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.*

*The detailed information on the Proposed Renewal of Share Buy-Back is set out in the Statement to Shareholders dated 29 January 2015 which is dispatched together with the Annual Report 2014.*

### Ordinary Resolutions 11 and 12

*The Nomination Committee has assessed the independence of the following Directors, who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-*

#### Ordinary Resolution 11: Mohammed Chudi Bin Haji Ghazali

- i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.*
- ii) His vast experience in the banking industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.*
- iii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.*

#### Ordinary Resolution 12: Haji Mohamed Bin Ismail

- i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.*
- ii) His vast experience in the civil servant and agricultural sector enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.*
- iii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.*

# Statement Accompanying Notice of Thirty-Fifth Annual General Meeting

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

1. Directors who are standing for re-election and re-appointment at the 35<sup>th</sup> AGM of MKH Berhad are as follows:-
  - (a) Jeffrey Bin Bosra (Ordinary Resolution 2)
  - (b) Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong (Ordinary Resolution 3)
  - (c) Datuk Mohammad Bin Maidon (Ordinary Resolution 4)
  - (d) Mohammed Chudi Bin Haji Ghazali (Ordinary Resolution 5)
  - (e) Haji Mohamed Bin Ismail (Ordinary Resolution 6)
  - (f) Haji Hasan Aziz Bin Mohd Johan (Ordinary Resolution 7)
2. The profiles of the Directors who are standing for re-election/re-appointment are set out on pages 32 to 34 of the Annual Report.
3. The information relating to the shareholding and warrant holding of the above Directors in the Company and its related corporation are set out on pages 187 and 190 of this Annual Report.

# Appendix I

曾 財 父 子 有 限 公 司  
**CHEN CHOY & SONS REALTY SDN. BHD.**

(Company No. : 26485-H)

Penthouse, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

Tel : +603-8737 8228 Fax : +603-8736 5436

**CHEN CHOY & SONS REALTY SDN. BHD.**

No. 9, Jalan Bayu Tinggi 2A/KS6

Taipan 2 Batu Unjur

41200 Klang

Selangor Darul Ehsan

Date: 29 December 2014

The Board of Directors

**MKH BERHAD (50948-T)**

Suite 1, 5<sup>th</sup> Floor, Wisma MKH

Jalan Semenyih, 43000 Kajang

Selangor Darul Ehsan

Dear Sirs,

**NOTICE OF NOMINATION OF AUDITORS PURSUANT TO SECTION 172(11) OF THE COMPANIES ACT, 1965**

Pursuant to Section 172(11) of the Companies Act, 1965, we, being a substantial shareholder of MKH Berhad ("the Company") hereby give notice of our intention to nominate Messrs Deloitte for appointment as Auditors of the Company in place of the retiring Auditors, Messrs Baker Tilly AC and to propose that the following ordinary resolution be tabled at the Annual General Meeting of the Company:-

**"THAT** subject to their consent to act, Messrs Deloitte be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Baker Tilly AC and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors."

Thank you.

Yours faithfully,

for and on behalf of

CHEN CHOY & SONS REALTY SDN. BHD.

  
Tan Sri Datuk Chen Kooi Chiew @  
Cheng Ngai Chong  
Director

  
Tan Sri Datuk Chen Lok Loi  
Director

*THIS PAGE HAS BEEN DELIBERATELY LEFT BLANK*

# Form of Proxy



**MKH BERHAD**  
(Company No.50948-T)  
(Incorporated in Malaysia)

I/We \_\_\_\_\_ NRIC/Company No.: \_\_\_\_\_

of \_\_\_\_\_

(FULL ADDRESS)

being a Member of MKH Berhad hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC/Company No.: \_\_\_\_\_

of \_\_\_\_\_

(FULL ADDRESS)

^ or failing him/her \_\_\_\_\_ NRIC/Company No.: \_\_\_\_\_

of \_\_\_\_\_

(FULL ADDRESS)

\* or failing him/ her, the Chairman of the Meeting as my/ our proxy/proxies to vote for me/ us on my/ our behalf at the Thirty-Fifth Annual General Meeting of the Company to be held at the Ballroom, 1<sup>st</sup> Floor, Prescott Hotel Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 5 March 2015 at 10.00 a.m. and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of Meeting with "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 - Payment of Directors' Fees		
Ordinary Resolution 2 - Re-election of retiring Director, Jeffrey Bin Bosra		
Ordinary Resolution 3 - Re-appointment of Director, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong		
Ordinary Resolution 4 - Re-appointment of Director, Datuk Mohammad Bin Maidon		
Ordinary Resolution 5 - Re-appointment of Director, Mohammed Chudi Bin Haji Ghazali		
Ordinary Resolution 6 - Re-appointment of Director, Haji Mohamed Bin Ismail		
Ordinary Resolution 7 - Re-appointment of Director, Haji Hasan Aziz Bin Mohd Johan		
Ordinary Resolution 8 - Appointment of Messrs Deloitte as Auditors of the Company		
Ordinary Resolution 9 - Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 10 - Proposed Renewal of Authority for Share Buy-Back		
Ordinary Resolution 11 - Retention of Mohammed Chudi Bin Haji Ghazali as Independent Non-Executive Director		
Ordinary Resolution 12 - Retention of Haji Mohamed Bin Ismail as Independent Non-Executive Director		

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2015

**Number of Shares Held**

\_\_\_\_\_  
Signature / Common Seal of Member

- \* Delete the words "or failing him/ her, the Chairman of the meeting" if you do not wish to appoint the Chairman of the meeting to be your proxy  
^ Delete if inapplicable

## Notes:-

- A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative may but need not be a member of the Company.
- The power of attorney or an office copy or a notarially certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its common seal or in the manner authorised by its constitution.
- Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), the exempt authorised nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.
- If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- Only members whose names appear in the Record of Depositors as at 26 February 2015 will be entitled to attend and vote at the meeting or appoint a proxy or proxies to attend and vote in his/ her stead.
- The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or an office copy or a notarially certified copy thereof must be deposited at the registered office at Suite 1, 5<sup>th</sup> Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, at least 48 hours before the time appointed for holding the meeting.

Please fold here

AFFIX  
STAMP

THE COMPANY SECRETARY

**MKH BERHAD** (50948-T)

Suite 1, 5<sup>th</sup> Floor

Wisma MKH

Jalan Semenyih

43000 Kajang

Selangor Darul Ehsan

Please fold here

**MKH Berhad** (50948-T)

5th Floor, Wisma MKH,  
Jalan Semenyih, 43000 Kajang,  
Selangor Darul Ehsan.

**Tel** +603-8737 8228 **Fax** +603-8736 5436

[www.mkhberhad.com](http://www.mkhberhad.com)