

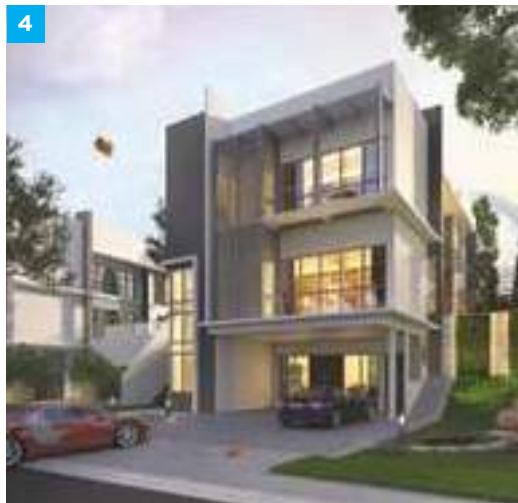


# 2013

ANNUAL REPORT

BUILDING PROGRESSIVE COMMUNITIES  
VIA GOOD GOVERNANCE

# PROJECT LISTING



## LEGENDS :

**1** Meranti @ Hillpark  
Shah Alam North

**3** Saville @ Kajang

**5** MKH World

**7** HillPark Homes 3

**2** MKH Avenue I

**4** Aurelia - Kajang 2

**6** Pelangi Heights

# FUTURE DEVELOPMENTS

## Township

- Kajang 2 South

## Commercial

- Bandar Teknologi Sec 5

## Mixed Residential & Commercial

- Temara @ Jln Tun Razak
- MKH Boulevard II
- MKH Avenue II
- MKH World, Serdang
- MKH City, Kajang

## Residential

- Hillpark Home 3, Kajang
- Hillpark Home 4, Kajang
- Hillpark Residence, Kajang
- Saville @ Mon't Kiara

# CURRENT DEVELOPMENTS IN KAJANG-SEMENYIH

## Township

- Kajang 2
- Kajang East

## Commercial

- MKH Avenue

## Mixed Residential & Commercial

- MKH Boulevard
- Saville @ Kajang
- Saville @ Cheras

# CURRENT DEVELOPMENTS IN GREATER KUALA LUMPUR

## Township

- Hillpark @ Shah Alam North, Shah Alam

## Residential

- Pelangi Heights, Pajam

## Mixed Residential & Commercial

- Saville @ D'Lake, Puchong

## High Rise Residential

- Saville @ The Park, Bangsar

# PAST DEVELOPMENTS IN KAJANG-SEMENYIH

## Township

- Pelangi Semenyih
- Pelangi Semenyih 2
- Taman Bukit Mewah

## Commercial

- Wang Commerz
- Metro Avenue
- Sentosa Avenue
- Desa Mewah Shops

## High Rise Residential

- Saville @ Melawati, Kuala Lumpur
- Saville Residence @ Old Klang Road, Kuala Lumpur

## Residential

- Sentosa Heights
- Desa Mewah
- Hillpark Home 1
- Hillpark Home 2
- Sentosa Villa
- Mewah 9 Residence

# PAST DEVELOPMENTS IN GREATER KUALA LUMPUR

## Integrated

- Pelangi Damansara  
Sentral Residence Suites

## Residential

- Zen Park @ Cheras, Cheras
- Pelangi Utama, Petaling Jaya
- Pelangi Damansara, Petaling Jaya
- Pelangi Astana, Damansara

## Mixed Residential & Commercial

- Pelangi Seri Alam, Shah Alam

## Commercial

- Pelangi Square Damansara, Petaling Jaya
- The One Avenue Damansara, Petaling Jaya
- 8 Avenue, Petaling Jaya
- Rimbunan Avenue, Kuala Lumpur





## COVER RATIONALE

At MKH we believe that there is more to property development than just concrete buildings. The emergence of a new wave of discerning consumers has spurred our organisation to face new challenges in a creative, systematic and bona fide manner.

It is therefore our unrelenting commitment to building progressive communities. We are steadfast in our quest to achieve this objective through good corporate governance, towards the betterment of our society and the nation at large, by developing quality value for money properties.



Saville @ Cheras

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Form of Proxy



Artist's impression only





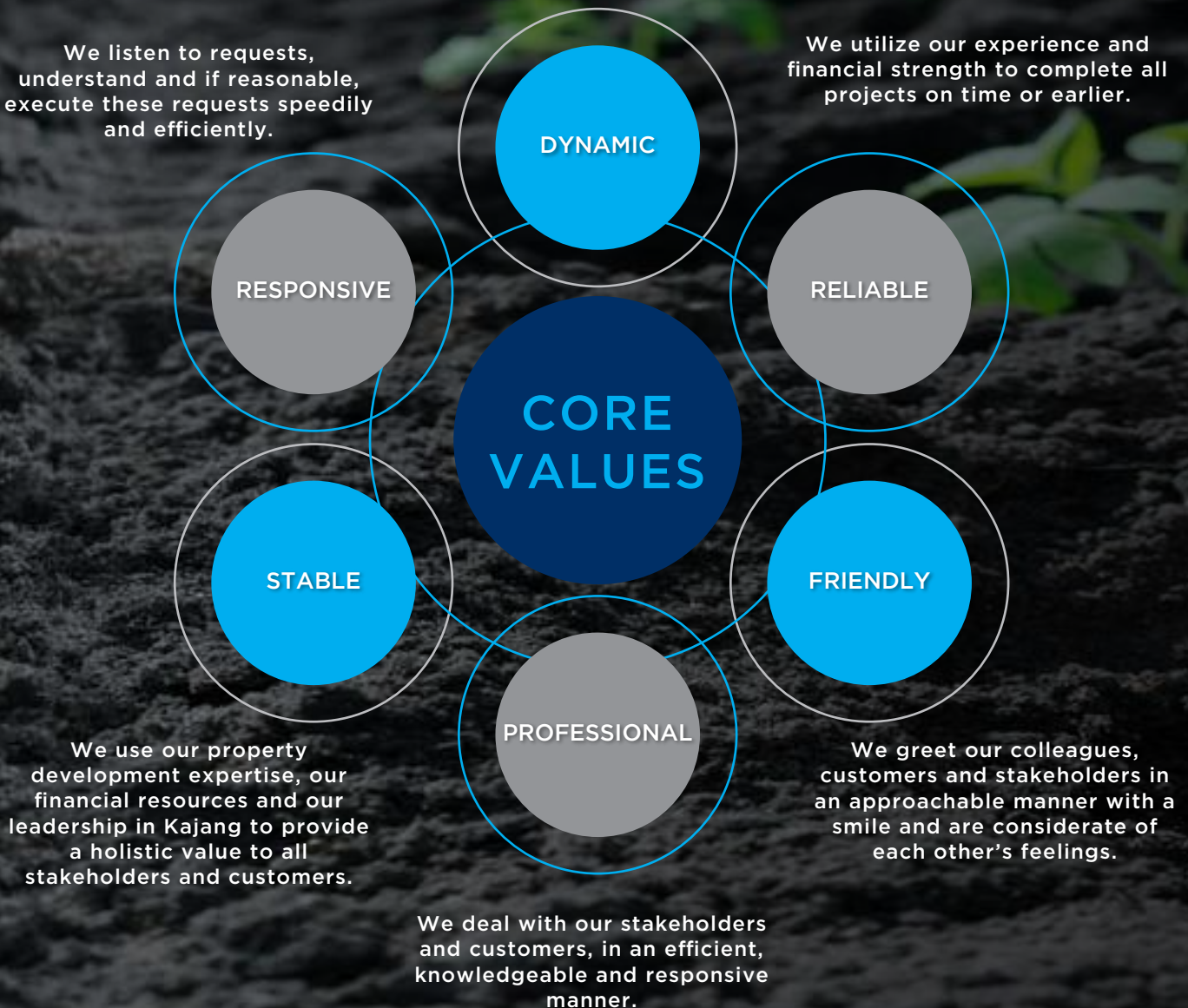
## VISION

To be a leading corporation  
in delivering sustainable growth.

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

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

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



## MISSION

1. To lead the market by continually developing and innovating quality products and projects that meet and exceed market expectations.
2. To be responsive to market trends and customer needs.
3. To provide a conducive working environment that will encourage the application of creative energy that is guided by best industry practices.
4. To be a good and responsible corporate citizen.
5. To provide a sustainable return to shareholders.



## MKH TODAY

**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 great sense of satisfaction and pride that MKH commemorates its 37th 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.

Kajang 2 Transportation Hub







Hailing from the fast-growing township of Kajang, the Group has ventured into thriving urban circles such as Damansara, Bangsar, Cheras, Shah Alam, Puchong, 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

### THE EDGE *Top Property Developers Awards* 2015



**The Edge Top Property Developers Awards 2013 - 2015**  
(Top 30 Best Property Developers in Malaysia)



**GreenTech Awards 2014  
by GreenTech Malaysia** <sup>[1]</sup>



**Property Insight's Prestigious  
Developer Awards 2015** <sup>[2]</sup>



**Best Under Billion  
Awards 2015 by Focus Malaysia** <sup>[3]</sup>

[1] Top 30 Green Catalysts

[2] Top 10 Prestigious Developers

[3] Best Cashflow from Operations 2015



## PROJECTS



Pines @ Hillpark Shah Alam North

**THE EDGE**  
MALAYSIA

Affordable Urban Housing  
Excellence Award 2015

### The Edge Malaysia Affordable Urban Housing Excellence Award 2014-2015

2015 - Pines @ Hillpark Shah Alam North  
2014 - Pelangi Semenyih 2, Semenyih



Pelangi Semenyih 2, Semenyih

### Asia Pacific Property Awards (APPA)

#### 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

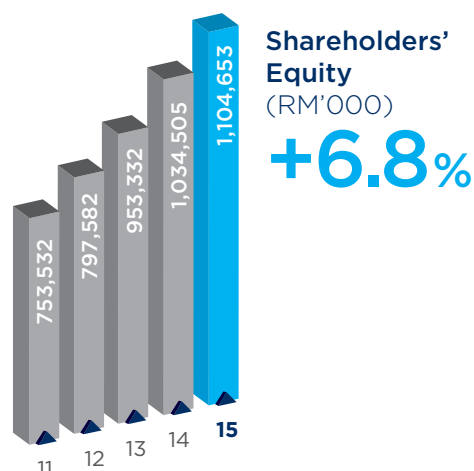
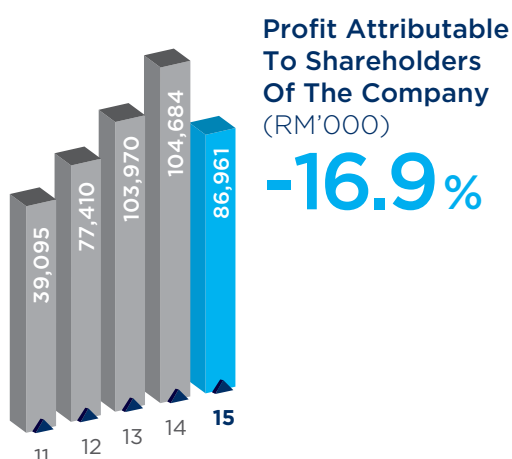
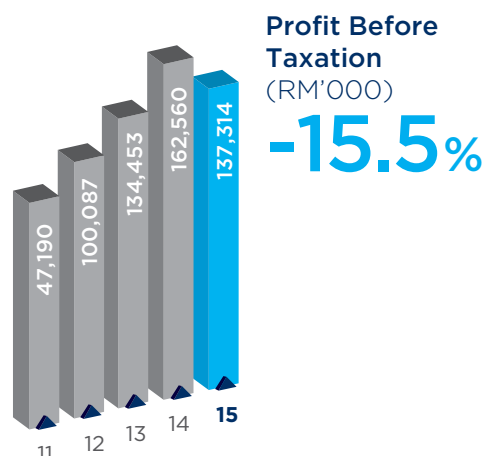
MKH World, Serdang

#### APPA for Development Marketing

Hillpark @ Shah Alam North



# 5 YEARS GROUP FINANCIAL HIGHLIGHTS



|                                                      | 2015<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 | * 2012<br>RM'000 | * 2011<br>RM'000 |
|------------------------------------------------------|----------------|----------------|----------------|------------------|------------------|
| <b>INCOME STATEMENT</b>                              |                |                |                |                  |                  |
| • Revenue                                            | 1,041,898      | 806,522        | 688,219        | 555,925          | 342,016          |
| • Profit Before Taxation                             | 137,314        | 162,560        | 134,453        | 100,087          | 47,190           |
| • Profit After Taxation                              | 96,630         | 119,622        | 107,148        | 75,454           | 38,768           |
| • Profit Attributable to Shareholders of the Company | 86,961         | 104,684        | 103,970        | 77,410           | 39,095           |
| <b>BALANCE SHEET</b>                                 |                |                |                |                  |                  |
| • Issued and Paid up Capital                         | 419,407        | 419,394        | 349,253        | 291,044          | 264,585          |
| • Shareholders' Equity                               | 1,104,653      | 1,034,505      | 953,332        | 797,582          | 753,532          |
| <b>RATIOS</b>                                        |                |                |                |                  |                  |
| • Dividend per share (sen)                           | 7**            | 8**            | 10             | 5                | 5                |
| • Net Earning per share (sen) @                      | 20.73          | 24.97^         | 25.33^         | 19.95^           | 10.08^           |
| • Net Assets per share (RM)                          | 2.63           | 2.47^          | 2.27^          | 2.06^            | 1.94^            |
| • Debt / Equity Ratio (%)                            | 73             | 59             | 55             | 63               | 50               |
| • Return on Shareholders' Equity (%)                 | 8              | 10             | 11             | 10               | 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.





## PROPERTY AND CONSTRUCTION DIVISION

100%

- Aliran Perkasa Sdn Bhd
- Budi Bidara Sdn Bhd
- Danau Saujana Sdn Bhd
- Dapat Jaya Builder Sdn Bhd
  - 45% Rimbunan Melati Sdn Bhd
- Everland Asia Development Sdn Bhd
- Gabung Wajib Sdn Bhd
  - 65% Alif Mesra Sdn Bhd
  - 60% Amona Metro Development Sdn Bhd
- Gerak Teguh Sdn Bhd
- GK Resort Berhad
  - 70% PNSB-GK Resort Sdn Bhd
- Intelek Kekal (M) Sdn Bhd
- Intra Tegas (M) Sdn Bhd
- Kajang Resources Corporation Sdn Bhd
  - 49% PanaHome MKH Malaysia Sdn Bhd
- Kumpulan Indah Bersatu Sdn Bhd
  - 100% Palga Sdn Bhd
    - 100% Hiliran Juara Sdn Bhd
- Metro K.L. City Sdn Bhd
- Metro Kajang Construction Sdn Bhd
- Metro Kajang Development Sdn Bhd
- Pelangi Binaraya Sdn Bhd
- Pelangi Semenyih Sdn Bhd
- Pelangi Seri Alam Development Sdn Bhd
  - 100% Hillpark Resources Sdn Bhd (f.k.a. Puncak Alam Resources Sdn Bhd)
- Perkasa Bernas (M) Sdn Bhd
- Petik Mekar Sdn Bhd
- Serba Sentosa Sdn Bhd
- Serentak Maju Corporation Sdn Bhd
- Stand Allied Corporation Sdn Bhd
- Sumber Lengkap Sdn Bhd
- Suria Villa Sdn Bhd

99.99%

- Srijang Kemajuan Sdn Bhd
- 85% Achieve Acres Sdn Bhd
- 55% Vista Haruman Development Sdn Bhd

## NON- PROPERTIES DIVISION

100%

- Detik Merdu Sdn Bhd
  - 95% PT Maju Kalimantan Hadapan (f.k.a. PT Khaleda Agropima Malindo)
  - 100% PT Nusantara Makmur Jaya
- Global Landscape Creation Sdn Bhd
- Global Retreat (MM2H) Sdn Bhd
- Intelek Murni (M) Berhad
- Metro Kajang (Oversea) Sdn Bhd
  - 100% Vast Furniture Manufacturing (Kunshan) Co. Ltd.
- Metro Nusantara Sdn Bhd
- Metro Tiara (M) Sdn Bhd
  - 20% Rafflesia School (Kajang) Sdn Bhd
- MKH Building Materials Sdn Bhd
- MKH Credit Corporation Sdn Bhd
- MKH Food Sdn Bhd
- MKH Management Sdn Bhd
- MKH Resources Sdn Bhd
- Srijang Indah Sdn Bhd
  - 100% Laju Jaya Sdn Bhd
  - 100% Maha Usaha Sdn Bhd

# WHERE QUALITY & AFFORDABILITY SYNC





We are mindful of the need to provide a conducive environment in order for new communities to thrive. In this regard, we, together with all our dedicated staff and business associates, are synergizing our efforts to overcome whatever challenges that confront us. This is critical in ensuring the best possible balance between quality and affordability.



## 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

**Datuk Chen Fook Wah**, Deputy Managing 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

**Jeffrey Bin Bosra**  
(Chairman)

**Mohammed Chudi Bin Haji Ghazali**  
(Member)

**Haji Mohamed Bin Ismail**  
(Member)

## NOMINATION COMMITTEE

**Mohammed Chudi Bin Haji Ghazali**  
(Chairman)

**Haji Mohamed Bin Ismail**  
(Member)

## REMUNERATION COMMITTEE

**Haji Mohamed Bin Ismail**  
(Chairman)

**Jeffrey Bin Bosra**  
(Member)

## CHIEF FINANCIAL OFFICER

**Kok Siew Yin**

## GROUP COMPANY SECRETARY

**Tan Wan San** (MIA 10195)

## EXTERNAL AUDITORS

**Deloitte** (AF 0080)  
Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

Tel No : (603) 7610 8888  
Fax No : (603) 7726 8986

## 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

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
- AmBank Islamic Berhad
- Bank Muamalat Malaysia 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



Saville @ Mon't Kiara



artist's impression only

## REGISTRAR

### Tricor Investor Services Sdn Bhd

Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

Tel No : (603) 2783 9299  
Fax No: (603) 2783 9222

## 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)

# 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 2015 ("FY2015").

Meranti @ Hillpark Shah Alam North



Artist's impression only

“ The year 2015 saw a number of significant milestones for MKH Berhad as the Group have achieved billion-ringgit revenue mark, and a commendable high unbilled sales of RM920.0 million amidst challenging business environment. ”



## MARKET ENVIRONMENT

The Malaysian economy achieved moderated Gross Domestic Products ("GDP") of 4.7 percent in the third quarter of 2015, moderating from a 4.9 percent growth reported in the first half of the year, as export sectors were unable to offset a slowdown in private and public consumption. The decline in crude oil price has also resulted in our Ringgit Malaysia depreciating against the United States Dollar ("US Dollar").

The year 2015 was challenging for both the property and plantation sector. The stringent bank lending policies and the implementation of the Goods and Services Tax ("GST"), had contributed to a softer property market demand, noticeably for commercial and higher-end residential properties. Despite the softening of the property market, properties with appropriate product differentiation and pricing, in strategic locale especially near upcoming mega infrastructures, namely Mass Rapid Transit ("MRT") and Light Rail Transit ("LRT") generally fared well. The year also recorded a strong demand for the affordable housing segment.



The plantation business was also challenging due to lower overall commodity prices, including crude palm oil ("CPO"). The Indonesian Rupiah exchange rate has also depreciated against the US Dollar. The drop in crude oil prices has also resulted in CPO prices fallen in tandem albeit at a lesser extent with the CPO still averaging above RM1,900 per tonne. The CPO price is expected to gradually increase in 2016 as the supply of CPO is expected to be reduced due to the "El Nino" dry spell in major palm oil producing countries such as Indonesia and Malaysia and reduction in soy bean oil production due to "La-Nina" wet spell causing flood in South America which produces soy bean.

Hillpark Avenue

Artist's impression only





## OPERATIONAL REVIEWS

MKH showed resilience and delivered commendable results despite the challenging market environment. For the full financial year (“FY”) ended 30 September 2015, the Group’s achieved double-digit growth with 24% jump in revenue to RM1.0 billion from RM806.5 million a year ago. However, the Group’s pre-tax profit (“PBT”) fell 15.6% to RM137.3 million compared to RM162.6 million in the previous year mainly underpinned by lower profit contribution from the plantation division due to weaker CPO and palm kernel selling prices and higher unrealised foreign exchange losses and lower gain in fair value from investment properties.

Likewise, the Group’s profit after tax (“PAT”) dropped to RM96.6 million, representing 19.2% decrease year-on-year (“y-o-y”), while net profit attributable to shareholders excluding minority interest (“PATMI”) decreased 16.6% to RM87.0 million.

Kajang East Clubhouse





Saville @ The Park, Bangsar

Despite the softening of the property market in 2015 due to more stringent bank lending policies and the implementation of GST, Property & Construction division recorded an increase of 34.3% in revenue to RM720.9 million from RM536.9 million a year ago. This was evident from its record-breaking new property sales of RM841.8 million, an improvement of 3% from RM819.5 million recorded in the previous year. Consequently, MKH's unbilled sales reached a new high of RM920.0 million, representing 11.8% growth from RM823.0 million in the preceding year.

The Group's products ranging from commercial properties, affordable homes and premium homes with greater focus on affordable housing in strategic location namely MKH Avenue I in Kajang, Hillpark @ Shah Alam North, Saville @ Kajang, Pelangi Heights, Kajang East, Pelangi Semenyih 2 (Built-then-Sell), and Saville @ Cheras have proven to be successful strategy adopted by the Group.

## PROPERTY & CONSTRUCTION DIVISION

In tandem with the increase in revenue, this division has also achieved a higher PBT of RM117.4 million compared to RM86.5 million a year ago. The higher PBT is mainly due to higher revenue and profit recognition from the on-going development projects and new launches.

The commendable unbilled sales of RM920.0 million further fortifies long-term earnings visibility for the Group from which attributed sales revenue and profits will be recognised progressively.





LANDBANK STEADILY  
INCREASE WITH GDV OF

**RM12**  
billion

NATURED INSPIRED  
DEVELOPMENT WITH

**50**  
acres

FOREST PARK



## PLANTATION DIVISION

The oil palm plantation is another key growth driver to the Group. Due to the decline in CPO prices, the segment recorded a loss before tax of RM29.2 million compared to RM22.2 million profit before tax in the preceding year. Adjusting the unrealised forex losses, PBT was RM7.9 million as compared to RM40.4 million a year ago. The loss in FY2015 was attributed to higher unrealised forex losses of RM37.0 million compared to RM18.1 million in the preceding year as well as lower CPO price.

Revenue from the sale of CPO and palm kernel increased by 27.1% to RM209.5 million from RM164.8 million a year ago, buoyed by increasing fresh fruit bunches ("FFB") yield of 370,000 metric tonnes ("MT") which surpassed its year target of 360,000 MT. FFB yield improved by 17.1% to 24.6MT/hectare from mature and immature trees, while oil extraction rate ("OER") efficiency recorded at 21.2% in FY2015.

The average price of CPO in year 2015 was between RM1,900 to RM2,100 per MT and the price of CPO in Indonesia is forecasted to average between RM2,000 to RM2,200 per MT in 2016 mainly attributed to El-Nino dry spell effect on palm-oil production and a pick-up in biofuel demand when regional biodiesel mandates in Indonesia gain traction.

The plantation is well positioned to capitalise on the recovery of the CPO price in 2016 as the production of FFB is expected to increase by 11.6% to approximately 413,000 MT in 2016.

## HOTEL & PROPERTY INVESTMENT

This division recorded higher revenue of RM34.8 million but lower PBT of RM21.7 million for the current year, representing a growth of 1.2% and a reduction of 39.6% respectively compared to a year ago. The decrease in PBT for FY2015 was attributed to lower gain on changes in fair value of investment properties amounting to RM10.2 million compared to RM22.2 million a year ago and absent of gain on transfer of property development costs to investment properties amounting to RM1.8 million in the current year.

The Group's asset encompasses two shopping malls, namely Plaza Metro Kajang and Metro Point Complex, a 3-star hotel, office blocks, four parcels of commercial land leased to leading hypermarkets and fast-food restaurants, stratified office, shop lots, car park bays and 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.





## TRADING

This division, which is mainly involved in the trading of building material and fixture for the Group's property development project, registered higher revenue and PBT of RM65.0 million and RM5.6 million respectively compared to RM57.1 million and RM3.8 million in the preceding year. The favourable variance was mainly due to higher building material sales to external subcontractors for the Group's development projects.

## MANUFACTURING

For the financial year under review, the furniture manufacturing subsidiary company in China, Vast Furniture Manufacturing (Kunshan) Co. Ltd. recorded a lower revenue and PBT of RM10.4 million and RM0.8 million for FY2015 compared to RM12.1 million and RM1.0 million respectively mainly due to lower sales volume and gross profit attributed to the minimum wages imposed by government of the People's Republic of China.

## 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 7.0 sen per ordinary share for FY2015, amounting to RM29.4 million of cash dividends paid on 31 December 2015.

## ACCOLADES

The growing string of accolades in 2015 is a testament of MKH's strength and recognition from one's peers. This reaffirms our employees' commitment in delivering long-term shareholders' value.

### PROPERTY

#### **The Edge Top Property Developers Awards ("TPDA") 2015**

MKH was once again recognised as one of Malaysia's Top 30 best property developers; ranking 13 in the market from our 24th position in TPDA 2014.

#### **The Edge Malaysia Affordable Urban Housing Excellence Award 2015**

Once again, we are honoured to have played a meaningful part in fulfilling the nation's dream of affordable housing with The Edge Malaysia Affordable Urban Housing Excellence Award 2015 for Pines @ Hillpark Shah Alam North. Pines @ Hillpark Shah Alam North, the maiden phase of 558-acre eco-themed township Hillpark @ Shah Alam North shows our commitment in delivering affordable homes with quality and green living.

### **COMPANY**

#### **QLASSIC Excellence Awards 2014**

Our prize-winning residential development Pelangi Semenyih 2 - Phase 2A was awarded High QLASSIC Achievement 2014 award in the Landed Property category with a high score of 80%.

#### **Focus Malaysia's Best Under Billion Awards 2015**

The Group is honoured to be the winner of Best Cashflow from Operations category at the Focus Malaysia's among the companies with a market capitalisation under RM1 billion listed on the Bursa Malaysia Securities Berhad.

#### **Top 10 Prestigious Developers Awards 2015**

MKH was recognised at the Prestigious Developers Awards 2015 hosted by Property Insight Malaysia.

#### **Top 30 Green Catalysts Award 2014**

The Group was recognised at the GreenTech Awards 2014 by the GreenTech Association Malaysia as one of the catalysts for our effort and contribution towards creating sustainable green-certified homes.

### **PLANTATION**

#### **2015 District Award for Best Career Development for Female Workers**

The Group's plantation division is honoured to be the winner of Best Career Development for Female Workers in Kabupaten Kutai Kertanegara 2015 Award from Pejabat Bupati Kutai Kartanegara.

#### **2015 Social Welfare Award for Employee Provident Fund**

The Group's plantation division was awarded the Social Welfare Award 2015 for Employee Provident Fund from Badan Penyelenggara Jaminan Sosial Ketenagakerjaan Kantor Cabang Samarinda.



### **CORPORATE RESPONSIBILITY & SUSTAINABILITY INITIATIVES**

MKH appreciates the society's continuous support in the past year, and besides delivering quality homes to meet the people's demand, the Group also adopts a holistic approach in corporate social responsibility ("CSR"). We remain committed by engaging stakeholders in education, healthy living, community, social issue, environment and marketplace. These include building a well-planned community stalls ("gerai") at Puncak Alam in Shah Alam, rewarding homebuyers at 'MKH Carnival Finale', sponsoring 'MKH-Kajang International 12-Hour Walk 2015', 'The Godfather of Property Forum Series', 'RSGC Junior Amateur Open Golf Championship 2015' and compliance towards sustainable palm oil as part of our environmental conservation policy among others.



## FUTURE PROSPECTS

As 2015 ends and 2016 begins, we are mindful of the challenges due to the slowdown in property sector, but also the current slide in crude oil prices, depreciation of ringgit and tighter lending policies. We believe there are still opportunities throughout the year since domestic demand remains strong particularly for affordable housing. 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 recent award-winning Pines @ Hillpark Shah Alam North. About 90% of our launches in FY2015 are mainly landed and high-rise residential homes with prices starting from RM380,000 - RM700,000, all located within our strong foothold of Kajang-Semenyih and Greater Kuala Lumpur; Cheras, Puchong and Shah Alam North. Property launches line-up this year include future ongoing phases of Kajang East, Hillpark 3, Hillpark @ Shah Alam North, Pelangi Heights and new launches for MKH Avenue II and Saville @ D'Lake Puchong, which are all within matured townships with ready infrastructure and amenities. Saville @ Cheras, one of the highlighted launches

in 2015, has great potential supported by its strategic location being integrated with the upcoming MRT station. The Group will also be partaking in the PR1MA and Rumah Selangorku programmes to provide more affordable homes to the people.

Our 15,943 hectares plantation with 90MT/hour CPO mill is another key growth factor. The CPO price is expected to rise in 2016 due to the "El Nino" dry spell effect, reducing CPO production in Indonesia and Malaysia. However, the impact of "El Nino" is expected to be minimal to our plantation which is located at the equator with adequate rain fall and given the Group's good agricultural practices through network of canals for irrigation to ensure high production yields of fresh fruit bunches ("FFB").



For FY2016, we expect an increase in FFB volume by 11.6% to 413,000 metric tonnes ("MT") or 28MT/hectare as majority of our planted trees aged 4-8 years are maturing for harvest. The higher projected FFB production from the favourable age profile of palm trees will have a positive effect on the Group's earnings. In terms of operations, we will continue to put emphasis on increasing productivity, yields and further improve on the oil extraction rate.

What sets us apart from others are the locality of our property developments, many which are near the upcoming MRT and LRT stations. Property and Plantation Division will continue to be the twin booster to support the Group's future earnings and growth momentum. PanaHome MKH Malaysia Sdn Bhd is a joint venture construction company between the Group (49%) and PanaHome Malaysia Sdn Bhd (51%) combining the Group's knowledge in the real-estate development business with PanaHome's Japanese construction technology. To date, our land bank has steadily increased to a gross development value (GDV) of RM12.0 billion which will keep us busy for the next 10 years. At least 7 of our current and future projects are located near MRT stations.



Saville @ Cheras

Artist's impression only.

Saville @ D'Lake, Puchong

Artist's impression only.

## 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 over 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*



WELL AHEAD  
OF TIME





Strategic planning is at the forefront with respect to every facet of our diverse business operations. Thus, we focus greatly on the convenience of the thriving communities that we develop; to be in harmony with the surrounding environment and infrastructure.

“ Talent is an increasingly strong differentiator in determining the growth and success of a business. After identifying the right talents and skills, nurturing them will be an on-going effort as skilled talents are needed to expand our business and sustain our future. ”

**- Tan Sri Dato' Alex Chen,**  
*Executive Chairman*



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 issues, environment and marketplace.

## THE WORKPLACE

Voted as one of the ‘Best Companies to Work for in Asia 2014’ for 2 consecutive years, the Group strives to provide a supportive work culture and environment, providing attractive advancements at all levels and offering competitive performance-based rewards for all employees. We believe that our employees are the key asset to the company’s success, and thus we strive to cultivate and manage the talents, skills, and commitment of our people.

### (a) Training

In managing our talents, MKH has organised various leadership coaching programmes to identify, retain and develop successors for critical positions. Workshops are organised and arranged for both departmental as well as individual improvements. Together with the guidance of the senior management team, these programmes in turn also act as opportunities for our talents to grow and perform their highest potential.



AAC Block Briefing and intalling Training for MKH Property / Development Team





2



3

2 MKH-Kajang International 12-Hour Walk 2015

3 MKH Walk Clinic led by RWAM before the event

4 Panasonic Visitation to Kajang 2 Sales Gallery

5 MKH Carnival Finale

6 RSGC Junior Amateur Open Golf Championship 2015

7 MKH Badminton Tournament 2015



4



5



6



7



**(b) Employee Fellowship**

The Group has also made a point in rewarding the many efforts of our employees through various team-building activities. Various events were held in the past year, such as day trip to Sekinchan, Kuala Selangor and Durian Fiesta.

**(c) Health**

In support of our employees leading a healthy and balanced lifestyle, simple breakfast is also provided for MKH staff every day, with alternative morning tea choices of tropical fruits and herbal tea. Numerous fitness activities are arranged for employees to wind-down after a day at the office such as weekly kick-boxing, yoga and zumba classes guided by certified coaches, or exercise in the well-equipped studio gym at the office. To make normal weekly badminton sessions interesting, MKH Badminton Tournament 2015 is held as an interactive platform through mutual love for the recreational sport.



REHDA National Golf Tournament

Nottingham Charity Run ("NCR") 2015







MKH Family trip to  
Sekinchan, Kuala Selangor

#### (d) Safety

To ensure that all our employees and support workers are working in a safe and healthy environment, MKH has also adopted the 'Malaysian Standard on Occupational Safety and Health Management System'. Certified training sessions on Basic First Aid are regularly arranged for frontline staff so they may react timely and accordingly should the need arises.

#### EDUCATION AND INDIVIDUAL DEVELOPMENT

A supporter of the United Nation's Millennium Development Goals, MKH strongly believes that education is the key to creating a sustainable future for all.

- Providing financial support to needy primary and secondary students through the 'Chin Mooi Education Foundation'.
- Ensuring better living standards for underprivileged children in Kalimantan, Indonesia by building school facilities to provide basic primary education.
- Supporting various educational activities organised by secondary and tertiary schools such as UM, UTAR, UKM, Nottingham University College, SMJK Yu Hua, SMK Convent, and SMK Jalan Bukit.
- Providing internship opportunities and graduate placement programmes for graduates to take up employment in MKH.



"Home Sweet Home" Property Exhibition  
at Gurney Paragon Mall, Penang

## 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.

- Collaborating with Majlis Daerah Kuala Selangor (“MDKS”) to build community stalls (“gerai”) at Hillpark @ Shah Alam North to meet public needs.
- Constructing of a new skybridge linking Bandar Baru Bangi and Bandar Teknologi to ease the traffic congestion in Kajang town (estimated to complete in 2017).

## HEALTHY LIVING

MKH strongly promotes sports 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 Group also supports sports development among youths such as ‘RSGC Junior Amateur Open Golf Championship 2015’ and ‘Impian Golf & Country Club’s Annual Championship 2015’

- **The 12th MKH - Kajang International 12-Hour Walk 2015**  
This annual international event not only attracted local walkers, but also foreign walkers from as far as USA, Australia, France, Hong Kong, the Netherlands, Hungary and India among others.



Ground Breaking at Kajang 2

## THE ENVIRONMENT

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

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

Following our JV with PanaHome Malaysia, the Group aims to find balance in developing and sustaining the environment by combining the Group’s knowledge in the real-estate development business with PanaHome’s Japanese technology and construction expertise, as well as ideas for quality living.





MKH-Kajang International 12-Hour Walk 2015

## 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.

## 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, while Plasma Puan Cepak has 406 hectares has been fully planted for the financial year ended 2015.

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.



SUSTAINING  
THE SUSTAINABLE





Our commitment goes further than providing sustainable returns of investment (ROI) to our stakeholders. Where possible, we leave no stone unturned towards the preservation of the environment and ecosystem, in line with our corporate vision and mission. Consequently, the quality of our oil palm harvests is invariably second to none.



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

**- Executive Chairman**

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, aged 72, 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 the Chairman of the Yu Hua School Board. He has been involved in business for about 55 years of which 37 years were in property development and construction industries and 23 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 Datuk 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 63, 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 "Malaysian Construction Industry Excellence Awards 2015 CEO of The Year Award" and "REHDA Personality Award 2013". He has more than 34 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 serves as a National Council and Executive Committee Member of REHDA Malaysia 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 Datuk Chen Fook Wah. He has no conflict of interest with the Company.

## DATUK CHEN FOOK WAH

- Deputy Managing Director

Datuk Chen Fook Wah, aged 59, 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 Ngi Chong and Tan Sri Datuk Chen Lok Loi. He has no conflict of interest with the Company.

## DATUK MOHAMMAD BIN MAIDON

- Independent Non-Executive Director

Datuk Mohammad Bin Maidon, aged 74, 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

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En. Mohammed Chudi Bin Haji Ghazali, aged 72, 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.

#### HAJI MOHAMED BIN ISMAIL

- Independent Non-Executive Director

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Haji Mohamed Bin Ismail, aged 75, 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 47, 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 specialising 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 75, 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 Board recognise the importance of promoting good corporate governance to ensure long term sustainability, growth and delivering value.

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 service, professional in accounting sector and human resource sector. This wide spectrum of competencies, capabilities, skills and relevant business experience provide the Board with a diverse set of expertise and knowledge in discharging its responsibilities for the proper functioning of the Board and ensure that the Group continues to be competitive within its diverse industry segment.

| Directors                                      | Industry / Background Experience      |         |                          |               |                            |                | Age Composition |                |                |                |
|------------------------------------------------|---------------------------------------|---------|--------------------------|---------------|----------------------------|----------------|-----------------|----------------|----------------|----------------|
|                                                | property development and construction | banking | plantation / agriculture | civil service | professional in accounting | human resource | 40 to 49 years  | 50 to 59 years | 60 to 69 years | 70 to 79 years |
| Tan Sri Dato’ Chen Kooi Chiew @ Cheng Ng Chong | ✓                                     |         | ✓                        |               |                            |                |                 |                |                | ✓              |
| Tan Sri Datuk Chen Lok Loi                     | ✓                                     |         |                          |               |                            |                |                 |                | ✓              |                |
| Datuk Chen Fook Wah                            | ✓                                     |         |                          |               |                            |                |                 | ✓              |                |                |
| Datuk Mohammad Bin Maidon                      |                                       |         |                          |               |                            | ✓              |                 |                |                | ✓              |
| En. Mohammed Chudi Bin Haji Ghazali            |                                       | ✓       |                          |               |                            |                |                 |                |                | ✓              |
| Haji Mohamed Bin Ismail                        |                                       |         |                          | ✓             |                            |                |                 |                |                | ✓              |
| En. Jeffrey Bin Bosra                          |                                       |         |                          |               | ✓                          |                | ✓               |                |                |                |
| Haji Hasan Aziz Bin Mohd Johan                 |                                       |         | ✓                        |               |                            |                |                 |                |                | ✓              |

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

### 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; and
- (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) Executive Committee;
- (b) Audit Committee;
- (c) Risk Management Committee;
- (d) Nomination Committee; and
- (e) Remuneration Committee.

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.

The Executive Directors take on primary responsibilities in managing day-to-day business whilst the Independent Directors are involved in various committees and contribute significantly to areas such as performance monitoring and providing independent view for enhancement of corporate governance and controls.

The management is accountable for the execution of the Group's corporate objectives, while the committee complements and reinforces the above execution through supervisory role.

### 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 eight (8) members comprising three (3) Executive Directors including the Chairman and Managing Director and five (5) other Independent Non-Executive Directors which is in line with the recommendation 3.5 of the MCCG 2012, where the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.



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

### **Board Composition and Balance (continued)**

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 Independent Directors.

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 Independent Non-Executive Director to whom concerns of shareholders, management, employees, and others may be conveyed. The Independent Directors 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.

In fostering the commitment to the Board that the Directors devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorships and such notifications shall include an indication of time that will be spent on the new appointments. All Directors hold not more than five (5) directorships each in public listed companies.

### **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).

## 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 Group encourages its employees to raise genuine concerns within the Group in an appropriate way without the fear of being retaliation and the identity of the whistle blower will be protected and kept confidential.

Any employee who has knowledge or is aware that any improper conduct has been, is being, or is likely to be committed is encouraged to make disclosure through the following reporting channels via writing or by telephone:-

**MOHAMMED CHUDI BIN HAJI GHAZALI**  
**Senior Independent Non-Executive Director**  
 c/o MKH Berhad  
 5th Floor, Wisma MKH  
 Jalan Semenyih  
 43000 Kajang  
 Selangor Darul Ehsan  
 Phone (Mobile): +6012-287 2040  
 Email Address: chudi@mkhberhad.com

Upon reporting an incident through the reporting channel, the whistleblower will be given a report code where they can check their report for feedback or questions. At the conclusion of investigation and as appropriate to the circumstances the Senior Independent Non-Executive Director may engage with the whistleblower who reported the concern, complaint or breach, for feedback so as to help determine whether the matter was dealt with fairly and appropriately.

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 26 to 31 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 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

### Independence Professional Advise

The Directors of the Group are entitled to take independent professional advise at the expense of the Company, in furtherance of their duties.

### Access to information

All Directors are provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. All Board papers are distributed at least seven (7) days in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors clear any doubt or concern.

## 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.

### Executive Committee

The Executive Committee meets regularly to review the operations of the Group's operating divisions. The Chief Financial Officer, Head of Property Development, Company Secretary and relevant departmental heads are invited to attend the Executive Committee meeting. The terms of reference of the Executive Committee are available for reference at [www.mkhberhad.com](http://www.mkhberhad.com).

The attendance record of each member of the Executive Committee during the financial year is as follows :

| Executive Committee                                | Designation | Attendance |
|----------------------------------------------------|-------------|------------|
| Tan Sri Dato' Chen Kooi Chiew @<br>Cheng Ngi Chong | Chairman    | 7/9        |
| Tan Sri Datuk Chen Lok Loi                         | Member      | 9/9        |
| Datuk Chen Fook Wah                                | Member      | 9/9        |
| Mah Swee Buoy ( <i>retired on 5 March 2015</i> )   | Member      | 2/3        |



## PRINCIPLE 2 : STRENGTHEN COMPOSITION (continued)

### Nomination Committee

The Nomination Committee was established on 27 November 2012 and comprises of two (2) members, all of whom are Independent Non-Executive Directors and they are responsible to make independent recommendations for appointments to the Board. 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    | 1/1        |
| Haji Mohamed Bin Ismail         | Member      | 1/1        |

The Nomination Committee is empowered by the Board among others to recommend to the Board right candidate (including gender considerations) with the necessary skills, experience and competencies to be filled in the Board and Board Committees, assess the qualifications of a Director, including their past contributions to the Board and the Director's attendance and contributions at the Board and Committee meetings, prior to recommending a Director for re-election or re-appointment to another term, assesses the effectiveness of the Board, board structure, size and composition.

The selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Board, management or recruitment firms.

In reviewing and recommending to the Board any new Director appointments, the Nomination Committee considers:

- (a) the candidate's independence, in the case of appointment of an Independent Director;
- (b) the composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees;
- (c) the candidate's age, track record, qualification, knowledge, experience and such other relevant factors as may be determined by the Nomination Committee which would contribute to the Board's collective skills; and
- (d) any competing time commitments if the candidate has multiple board representations.

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

During the financial year under review, the Nomination Committee held one (1) meeting 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) assessment and evaluation of the effectiveness of the Board through the annual Board evaluation including the Executive Chairman, Managing Director, Executive Director and the independence of Independent Non-Executive Directors; and
- (e) deliberated on the findings of the assessments and reported the findings to the Board.

## PRINCIPLE 2 : STRENGTHEN COMPOSITION (continued)

### Nomination Committee (continued)

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.

The terms of reference of the Nomination Committee are available for reference at [www.mkhberhad.com](http://www.mkhberhad.com).

### 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, 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 is Tan Sri Datuk Chen Lok Loi.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the Companies Act, 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 two (2) members, all of whom are Independent Non-Executive Directors. 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    | 1/1        |
| Jeffrey Bin Bosra       | Member      | 1/1        |

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.

## PRINCIPLE 2 : STRENGTHEN COMPOSITION (continued)

### Remuneration Committee (continued)

During the financial year under review, the Committee held one (1) meeting to deliberate on the following:

- (a) review of the salaries, bonuses and incentives of senior management of the Group; and
- (b) approve the remuneration package and bonus for the Executive Directors.

The terms of reference of the Remuneration Committee are available for reference at [www.mkhberhad.com](http://www.mkhberhad.com).

### 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 *                           | 16,036,948        | 103,540        |
| Estimated monetary value of benefits-in-kind | 99,861            | -              |
| <b>Total</b>                                 | <b>16,136,809</b> | <b>353,540</b> |

\* Includes provision for retirement gratuity of the Group amounting to RM Nil (2014: RM2,822,400) for certain eligible Directors of the Company.

- (b) Breakdown of Directors' remuneration for the year ended 30 September 2015, 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 - 500,000          | -                | -             |
| 500,001 - 550,000          | 1                | -             |
| 550,001 - 1,950,000        | -                | -             |
| 1,950,001 - 2,000,000      | 1                | -             |
| 2,000,001 - 5,900,000      | -                | -             |
| 5,900,001 - 5,950,000      | 1                | -             |
| 5,950,001 - 7,650,000      | -                | -             |
| 7,650,001 - 7,700,000      | 1                | -             |
| <b>Total</b>               | <b>4</b>         | <b>5</b>      |



## **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 Independent Non-Executive Directors 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. Independent Non-Executive Directors 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 Independent Non-Executive Directors 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 Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to being re-designated as a Non-Independent Director. However, the Company does not have term limits for its Independent Directors as the Board believes that continued contribution provides benefits to the Board and the Company as a whole.

Out of the five (5) Independent Non-Executive Directors, two (2) Independent Directors with vast experience in banking industry or civil service and/or plantation industry, have served the Company for more than nine (9) years. The length of service on the Board does not in any way interfere the exercising of independent judgement, expressing views and in participating in deliberations and decision making of the Board and Board Committees. The Board values calibre, qualification, experience and personal qualities, particularly of the Director's ability and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as an Independent Director instead of the length of service.

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 Independent Directors pursuant to Recommendation 3.3 of the MCCG 2012 as an Independent Non-Executive Director of the Company based on the following justifications:

- (a) the Board strongly believes that a Director's independence cannot be determined through the length of service only;
- (b) the Board is of the view that there are significant advantages to be gained from long serving Independent Directors over the years have developed deeper understanding of the Group's diversified business 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; and
- (c) the Board is of the view that both of them are objective in expressing their views and in participating in deliberations and decision making of the Board and Board Committees without fear or favour.

### PRINCIPLE 3 : REINFORCE INDEPENDENCE (continued)

#### Executive 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.

### PRINCIPLE 4 : FOSTER COMMITMENT

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

Recommendation 4.1 of the MCCG 2012 recommends that the Board should set out the expectations on time commitment for its members and protocols for accepting new directorships. Each Director is required to notify the Chairman of the Board prior to accepting directorships outside the Group. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships. The notification will also include an approximate indication of time that will be spent by the Directors on the new directorships.

#### 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 six (6) 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 | 5/6                      |
| Tan Sri Datuk Chen Lok Loi                      | 6/6                      |
| Datuk Chen Fook Wah                             | 6/6                      |
| Datuk Mohammad Bin Maidon                       | 6/6                      |
| Mah Swee Buoy (retired on 5 March 2015)         | 3/3                      |
| Mohammed Chudi Bin Haji Ghazali                 | 6/6                      |
| Haji Mohamed Bin Ismail                         | 6/6                      |
| Jeffrey Bin Bosra                               | 6/6                      |
| Haji Hasan Aziz Bin Mohd Johan                  | 6/6                      |

## **PRINCIPLE 4 : FOSTER COMMITMENT (continued)**

### **Board Meetings (continued)**

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.

### **Company Secretary**

All Directors have access to the advice and services of an experienced Company Secretary especially relating to procedural and regulatory requirements. 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**

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.

All the Directors had completed the Mandatory Accreditation Programme as specified by Bursa Securities.

The Directors are mindful that they should continually attend seminars and courses to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements. The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.



**PRINCIPLE 4 : FOSTER COMMITMENT (continued)**

**Directors' Training (continued)**

The Board is also updated by the Company Secretary on the latest update/amendments on the Listing Requirements of Bursa Securities and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

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<br>@ Cheng Ngi Chong | <ul style="list-style-type: none"> <li>• "Investment and Trade Opportunities in Bangladesh" organised by Bangladesh High Commission in Malaysia</li> <li>• "Russian-Malaysian Business Forum" organised by Ministry of Economic Development of Russia and ASEAN-Russia Business Council</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Tan Sri Datuk Chen Lok Loi                         | <ul style="list-style-type: none"> <li>• Budget Seminar organised by REHDA</li> <li>• The 9th Asia Economic Summit "Asia Rising : The Future of Asia - Where do we go from here"</li> <li>• Majlis Perutusan Khas YAB PM Mengenai Perkembangan Ekonomi Semasa Dan Kedudukan Kewangan Negara</li> <li>• The 17th Malaysia Strategic Outlook Conference 2015</li> <li>• Greater KL &amp; Malaysia Smart City Conference 2015 organised by Asian Strategy and Leadership Institute ("ASLI")</li> <li>• The 12th Asean Leadership Forum organised by ASLI</li> <li>• 2nd National Economic Summit "An Update On The 11th Malaysia Plan - Addressing Current and Future Challenges" organised by ASLI</li> <li>• Majlis Konsultasi Bajet 2016 organised by Ministry of Finance</li> <li>• Persatuan Pengurusan Kompleks ("PPK") Malaysia - Council of Asian Shopping Centers Conference 2015 : New Expectations of Consumers, Retailers and Investors for Shopping Center Development organised by PPK Malaysia</li> </ul> |
| Datuk Chen Fook Wah                                | <ul style="list-style-type: none"> <li>• Greater KL &amp; Malaysia Smart City Conference 2015 organised by Asian Strategy and Leadership Institute ("ASLI")</li> <li>• The 12th Asean Leadership Forum organised by ASLI</li> <li>• CG Breakfast Series With Directors - The Board's Response In Light Of Rising Shareholder Engagements organised by Bursa Securities</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Datuk Mohammad Bin Maidon                          | <ul style="list-style-type: none"> <li>• CG Breakfast Series With Directors - The Board's Response In Light Of Rising Shareholder Engagements organised by Bursa Securities</li> <li>• Governance, Director Duties And Listing Requirements Updates For Directors of Public Listed Companies 2015 organised by Federation of Public Listed Companies</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

**PRINCIPLE 4 : FOSTER COMMITMENT** (continued)

**Directors' Training** (continued)

| Director                        | Training / Seminars / Conferences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mohammed Chudi Bin Haji Ghazali | <ul style="list-style-type: none"> <li>Audit Committee Conference 2015 - Rising To New Challenges conducted by Malaysian Institute of Accountants</li> <li>Directors Corporate Governance Series - Building Effective Finance Function : From Reporting To Analytics to Strategic Input conducted by Bursa Securities</li> <li>Governance, Director Duties And Listing Requirements Updates For Directors of Public Listed Companies 2015 organised by Federation of Public Listed Companies</li> </ul>                                                                                                               |
| Haji Mohamed Bin Ismail         | <ul style="list-style-type: none"> <li>Audit Committee Conference 2015 - Rising To New Challenges conducted by Malaysian Institute of Accountants</li> <li>Directors Corporate Governance Series - Building Effective Finance Function : From Reporting To Analytics to Strategic Input conducted by Bursa Securities</li> <li>Governance, Director Duties And Listing Requirements Updates For Directors of Public Listed Companies 2015 organised by Federation of Public Listed Companies</li> </ul>                                                                                                               |
| Jeffrey Bin Bosra               | <ul style="list-style-type: none"> <li>Audit Committee Conference 2015 - Rising To New Challenges conducted by Malaysian Institute of Accountants</li> <li>Audit Oversight Board Conversation with Audit Committees conducted by Securities Commission Malaysia</li> <li>Directors Corporate Governance Series - Building Effective Finance Function : From Reporting To Analytics to Strategic Input conducted by Bursa Securities</li> <li>Governance, Director Duties And Listing Requirements Updates For Directors of Public Listed Companies 2015 organised by Federation of Public Listed Companies</li> </ul> |
| Haji Hasan Aziz Bin Mohd Johan  | <ul style="list-style-type: none"> <li>CG Breakfast Series With Directors - The Board's Response In Light Of Rising Shareholder Engagements organised by Bursa Securities</li> <li>Governance, Director Duties And Listing Requirements Updates For Directors of Public Listed Companies 2015 organised by Federation of Public Listed Companies Bhd</li> </ul>                                                                                                                                                                                                                                                       |

**PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING**

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

**Financial Reporting**

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

## **PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING (continued)**

### **Financial Reporting (continued)**

The timely quarterly results announcements also reflect the Board's commitment to give regular updated assessment on the Group's performances.

### **Directors' Responsibilities 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. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing those financial statements, the Directors ensure that management have:

- adopted appropriate accounting policies and consistently apply them;
- made 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 have responsibility for ensuring that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have taken such steps as are necessary to safeguard the assets of the Group and the Company to prevent fraud and other irregularities.

### **Relationship with the External Auditor**

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.

Through the Audit Committee, the Board has a direct relationship with the external auditors. 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 and the Board. The role of the Audit Committee in relation to the external auditors is set out on pages 54 to 57.

For the financial year under review, the external auditors had attended all the Audit Committee meetings and general meetings of the Company and had five (5) meetings with the Audit Committee without the presence of management.



## **PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING (continued)**

### **Relationship with the External Auditor (continued)**

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 and have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

The Audit Committee together with the Chief Financial Officer had undertaken an annual assessment of the competency and independence of the external auditors pursuant to the External Auditors Assessment Policy, which has outlined the guidelines and procedures for the assessment on the suitability of the external auditors. Having assessed their performance, the Audit Committee had recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

The details of the External Auditors Assessment Policy are available for reference at [www.mkhberhad.com](http://www.mkhberhad.com).

## **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 four (4) 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 on a quarterly basis.

During the financial year under review, the Company has appointed an in-house Operation, Audit and Governance Manager to follow-up on those potential risks identified and the management action plans to mitigate such risks. The key activities carried up by Operation, Audit and Governance is as follows :

- (a) carries out audit on key matters as highlighted by the management;
- (b) conduct audit fieldworks at the business units to determine the stage of implementation by the respective business unit following the recommendation made by internal auditors, KPMG Management & Risk Consulting Sdn Bhd ("KPMG");
- (c) prepare internal audit reports for every audit assignment on the internal control issues together with audit recommendations;
- (d) perform process improvement audits as per the request from management from time to time;
- (e) maintain and improve internal audit methodologies and procedures following the comments made by KPMG (where applicable); and
- (f) coordinate with KPMG on their internal audit assignments to avoid duplication of scope coverage.

The Operation, Audit and Governance Manager will report directly all the audit findings on the stage of implementation by the respective business unit to the Audit Committee as part of the Group to further strengthen risk management and internal controls.

## 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;
- (c) the release of various disclosures and announcements including quarterly financial announcements; and
- (d) press releases and analysts briefings.

The Company leverages on the use of information technology by maintaining a corporate website at **[www.mkhberhad.com](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 Group's investor relationship is helmed by the Executive Director, Chief Financial Officer ("CFO") and Property Director or Deputy Property Director, who attends to various investors namely funds managers and investment analysts, while the Head of Corporate Communications Department will communicate with members of the media.

In addition, the Group has appointed Ms Kok Siew Yin, the Chief Financial Officer to respond to investor queries and concerns pertaining to financial performance (Tel: +603-8737 8228, Fax: +603-8736 5436, E-mail: [ir@mkhberhad.com](mailto:ir@mkhberhad.com)), whereas company developments related queries may be referred to the Deputy Property Director, Dato' Kenneth Chen (Tel: +603-8737 8228, Fax: +603-8734 0324, E-mail: [ccm@mkhberhad.com](mailto:ccm@mkhberhad.com)).

In addition, stakeholders who wish to reach the respective divisions of the Group may do so through the "Contact Us" page for enquiries and feedback purpose.

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

During the financial year under review, the Audit Committee had carried out its duties and responsibilities namely held discussion with external auditors, internal auditors, risk management committee, head of operation audit & governance and relevant members of management in accordance with its terms of reference. The Audit Committee is of the view that no material misstatement, contingencies or uncertainties and significant deficiencies in internal control have arisen, based on the reviews made and discussion held.

## Composition and Meetings

The Audit Committee is appointed by the Board of Directors from amongst Non-Executive Directors and comprise of three (3) members, all of whom are Independent Non-Executive Directors.

The Chairman of the Audit Committee, En Jeffrey Bin Bosra is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA"). The other members of the Audit Committee are En Mohammed Chudi Bin Haji Ghazali and Haji Mohamed Bin Ismail.

The Audit Committee meetings were structured through the use of agendas and relevant board papers which were distributed to the Audit Committee prior to such meetings. During the financial year, five (5) meetings were held with the attendance of the Chief Financial Officer, head of operation audit & governance, partners and senior 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. The Audit Committee also met with the external auditors without the presence of management during the Audit Committee meeting.

Details of the Audit Committee members' attendance are appended below:

| Name of Directors                           | Directorship                                 | No. of Meetings Attended |
|---------------------------------------------|----------------------------------------------|--------------------------|
| Jeffrey Bin Bosra<br>(Chairman)             | Independent<br>Non-Executive Director        | 5/5                      |
| Mohammed Chudi Bin Haji Ghazali<br>(Member) | Senior Independent<br>Non-Executive Director | 5/5                      |
| Haji Mohamed Bin Ismail<br>(Member)         | Independent<br>Non-Executive Director        | 5/5                      |

Having reviewed the performance and effectiveness of the Audit Committee for the financial year under review, the Board is satisfied that the Audit Committee members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee.

The details of the terms of reference of the Audit Committee are available for reference at [www.mkhberhad.com](http://www.mkhberhad.com).



## SUMMARY ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

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

### (a) Financial Reporting

- Reviewed the quarterly and year-to-date unaudited financial results and announcements before recommending for the Board of Directors' approval;
- Reviewed the reports and annual audited financial statements of the Group together with the external auditors and recommended them for approval by the Board; and
- Confirmed with management and external auditors that the Company's and Group's annual audited financial statements have been prepared in compliance with applicable accounting and financial reporting standards.

### (b) External Audit

- Reviewed and approved the external auditors' audit planning memorandum, audit strategy and scope of work for the year;
- Reviewed the findings of the external auditors' reports particularly on areas of concern highlighted in the management letter, including management's response to the concerns raised by the external auditors;
- Reviews and approved the external auditors' assessment policy to be adopted by the Group;
- Discussed with external auditors' on significant accounting and auditing updates in lieu of new or proposed changes in accounting standard and regulatory requirements;
- Reviewed the external auditors' performance annually on the suitability and independence of the external auditors based on communication with the management, independence, objectivity and professionalism, sufficiency of resources and service quality; and
- Reviewed and recommended to the Board the proposed audit fee and appointment and/or re-appointment of the external auditors.

### (c) Internal Audit

- Reviewed and approved the scope of annual audit plan and the proposed audit fee from the internal auditors to ensure the adequacy of the scope and coverage of work on the Group's activities;
- Reviewed the internal audit reports which highlighted audit issues, recommendations and the management's responses and recommended those recommendations which are relevant, to be implemented to improve/rectify the overall control weaknesses and enhance the system of internal controls; and
- Reviewed and approved the following-up reports on the status of implementation of those control weaknesses as highlighted by internal auditors from the Group operation audit and governance division prior to the following-up review by internal auditors.

### (d) Risk Management Committee

- Reviewed the risk management committee's reports regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and management's views/ responses on the acceptable and appropriate level of risks faced by Group's business unit as well as the proposed recommendations for improvements to be implemented.

### (e) Related Party Transactions

- 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.

### 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 on page 50 of the Annual Report.

### 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 since 30 April 2001.

The principal role of the internal audit function is to undertake, on a prioritised 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 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 summarised 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 RM262,325 (2014: RM207,264).



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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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 the “Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers”.

## **Board’s Responsibilities**

The Board acknowledges its responsibilities for establishing a sound risk management framework and internal control system to manage risks in accordance with Principle 6 of the Code. 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. The Group identified major risk areas of concern which included demand for properties, fluctuating commodity prices, foreign exchange rates fluctuation and change in regulatory environments.

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 and Internal Control Processes**

The Board has put in place an organisational 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 assisted by certain key management staff was established to review the operations of the Group’s operating divisions, the monthly financial information which includes actual results compare against budget as approved by the Board, explanation on significant variances and management actions taken, where necessary. Further details of the Executive Committee are set out in the Statement on Corporate Governance.

- The Audit Committee with the assistance of the Internal Auditors, Messrs KPMG Management & Risk Consulting Sdn Bhd (“KPMG”) and Risk Management Committee, reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. Further details are set out in the Audit Committee Report and Statement on Corporate Governance.
- The Risk Management Committee (“RMC”) was established to review and monitor Group’s risk management framework and activities. The RMC includes the Chief Financial Officer, the Chief Treasury Officer and the head of the key business unit. The RMC reports to the Audit Committee on a quarterly basis where key risks and mitigating action are discussed and implemented.
- The in-house Operation, Audit & Governance Manager to follow-up on those potential risks identified and the management action plans to mitigate such risks based on the Internal Audit Reports prepared KPMG Management & Risk Consulting Sdn Bhd and approved by the Audit Committee. Any significant findings of non-compliance or implementation by respective business units will be reported to the Audit Committee during quarterly meeting.

### **Risk Management Framework**

The Board recognises 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 fresh fruit bunches.

#### **(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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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- (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, in-house Operation, Audit and Governance Manager and the Internal Auditors, Messrs KPMG Management & Risk Consulting Sdn Bhd and 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 2015, 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 with major variances being reviewed and management actions taken as necessary;
- (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;
- (e) reviewed quarterly the property development outlook with appropriate product differentiation and pricing to suit the market demand; and
- (f) monitored financial performances and the progress of corrective actions/implementation for highlighted issues.

### 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 in-house Operation, Audit and Governance Manager and the management on an ongoing basis.

### **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 Malaysian Approved Standard on Assurance Engagements, International Standard on Assurance Engagements, ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide ("RPG") 5, Guidance for Auditors on Engagements to Report on the Statement of Risk Management and 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 the Statement on Risk Management and Internal Control 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 the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and control system including the assessment and opinion by the Board and management thereon. The external auditors are not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### **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 the Chief Financial 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 5 January 2016.



# ADDITIONAL COMPLIANCE INFORMATION

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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 2015 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 2015.

## **2. Share Buy-back**

The Company did not purchase any of its own shares during the financial year ended 30 September 2015.

## **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 ended 30 September 2015, 13,677 units of warrants were exercised and converted into 13,677 new ordinary shares of RM1.00 each and the outstanding warrants remained unexercised were 34,620,140 units.

## **4. Depository Receipt Programme**

The Company did not sponsor any Depository Receipt Programme during the financial year ended 30 September 2015.

## **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 2015 was RM36,700.

## **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.

#### 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:-



#### 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



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# 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 2015.

## 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 15 to the financial statements.

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

## RESULTS

|                               | The Group<br>RM | The Company<br>RM |
|-------------------------------|-----------------|-------------------|
| Profit for the financial year | 96,630,473      | 34,358,689        |
| Profit attributable to:       |                 |                   |
| Owners of the parent          | 86,960,858      | 34,358,689        |
| Non-controlling interest      | 9,669,615       | -                 |
|                               | 96,630,473      | 34,358,689        |

## DIVIDEND

Since the end of the previous financial 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 as reported in the directors' report of that year.

A first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2015 amounting to RM29,359,770 was declared on 27 November 2015 and to be paid on 31 December 2015. 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 2016.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2015.

## ISSUES OF SHARES

During the financial year, the issued and paid-up share capital increased from RM419,393,607 to RM419,407,284 by way of exercise of 13,677 warrants for 13,677 new ordinary shares of RM1 each at an exercise price of RM1.89 per share.

The new ordinary shares issued rank *pari passu* in all respects with the existing shares of the Company.

Other than as stated above, there were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

## 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 from 31 December 2012 to 30 December 2017 ("exercise period"). 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 pursuant to the bonus issue on 20 May 2014.

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

|                    | Number of warrants   |           |                         |
|--------------------|----------------------|-----------|-------------------------|
|                    | At<br>1 October 2014 | Exercised | At<br>30 September 2015 |
| Number of warrants | 34,633,817           | (13,677)  | 34,620,140              |

## 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
- Datuk Chen Fook Wah
- Datuk Mohammad bin Maidon
- Mohammed Chudi bin Haji Ghazali
- Mohamed bin Ismail
- Jeffrey bin Bosra
- Hasan Aziz bin Mohd Johan
- Mah Swee Buoy (*Retired on 5 March 2015*)

## DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares and warrants of the Company and of its related corporations 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<br>1 October 2014                  | Bought    | Sold        | At<br>30 September 2015 |
| <b>Direct interest :</b>                             |                                       |           |             |                         |
| • Tan Sri Dato' Chen Kooi Chiew @<br>Cheng Ngi Chong | 1,505,910                             | 2,400,000 | (350,000)   | 3,555,910               |
| • Tan Sri Datuk Chen Lok Loi                         | 7,564,704                             | -         | -           | 7,564,704               |
| • Datuk Chen Fook Wah                                | 489,452                               | 136,848   | -           | 626,300                 |
| • Mohammed Chudi bin Haji Ghazali                    | 50,294                                | -         | -           | 50,294                  |
| • Jeffrey Bin Bosra                                  | 12,000                                | -         | -           | 12,000                  |
| <b>Deemed interest :</b>                             |                                       |           |             |                         |
| • Tan Sri Dato' Chen Kooi Chiew @<br>Cheng Ngi Chong | <sup>^</sup> 187,032,150              | 370,000   | (5,900,000) | 181,502,150             |
| • Tan Sri Datuk Chen Lok Loi                         | <sup>^</sup> 180,235,242              | 170,000   | (3,500,000) | 176,905,242             |
| • Datuk Chen Fook Wah                                | <sup>*</sup> 177,219,402              | -         | (3,500,000) | 173,719,402             |

### (b) Warrant holdings in the Company

|                                                      | At<br>1 October 2014 | Number of warrants |      | At<br>30 September 2015 |
|------------------------------------------------------|----------------------|--------------------|------|-------------------------|
|                                                      |                      | Bought             | Sold |                         |
| Direct interest :                                    |                      |                    |      |                         |
| • Tan Sri Dato’ Chen Kooi Chiew @<br>Cheng Ngi Chong | 635,491              | -                  | -    | 635,491                 |
| • Tan Sri Datuk Chen Lok Loi                         | 630,391              | -                  | -    | 630,391                 |
| • Datuk Chen Fook Wah                                | 105,704              | 10,296             | -    | 116,000                 |
| • Mohammed Chudi bin Haji Ghazali                    | 1,524                | -                  | -    | 1,524                   |
| Deemed interest :                                    |                      |                    |      |                         |
| • Tan Sri Dato’ Chen Kooi Chiew @<br>Cheng Ngi Chong | ^ 15,333,926         | -                  | -    | 15,333,926              |
| • Tan Sri Datuk Chen Lok Loi                         | ^ 15,281,302         | -                  | -    | 15,281,302              |
| • Datuk Chen Fook Wah                                | * 15,043,282         | -                  | -    | 15,043,282              |

<sup>^</sup> Shares/Warrants held through corporation(s) in which directors have substantial financial interest and through nominee company.

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

## DIRECTORS' INTERESTS (continued)

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

|                                                      | Number of ordinary shares of RM1 each |        |                         |
|------------------------------------------------------|---------------------------------------|--------|-------------------------|
|                                                      | At<br>1 October 2014                  | Bought | Sold                    |
|                                                      |                                       |        | At<br>30 September 2015 |
| <b>Direct interest :</b>                             |                                       |        |                         |
| • Tan Sri Dato' Chen Kooi Chiew @<br>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 benefits which may be deemed to have arisen 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 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 disclosed 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 allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets 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.



## 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 allowance 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. Deloitte, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 January 2016

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

**TAN SRI DATUK CHEN LOK LOI**

## STATEMENT BY DIRECTORS

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### 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 74 to 181, are drawn up in accordance with 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 182, which is not part of the financial statements, is prepared in all material respects, 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 the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 January 2016.

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

**TAN SRI DATUK CHEN LOK LOI**

## STATUTORY DECLARATION

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

I, **Kok Siew Yin**, being the person 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 74 to 181 and the supplementary information set out on page 182, in my opinion, 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 5 January 2016

**KOK SIEW YIN**

Before me

**WOON MEE CHIN** (W 538)  
Commissioner of Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MKH BERHAD

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## 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 2015 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 74 to 181.

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

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 about 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 the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity'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 entity's internal control. 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 that 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 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Report on Other Legal and Regulatory Requirements

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

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the Act;
- (b) we have considered the accounts and the auditors' reports of all the subsidiaries, of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being accounts that have been included in the financial statements of the Group;
- (c) we are satisfied that the accounts 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 as required by us for those purposes; and
- (d) the audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

The supplementary information set out on page 182 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad 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 Securities Berhad. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

- (a) 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.
- (b) The financial statements of the Group and of the Company for the preceding financial year ended 30 September 2014 were audited by another firm of auditors and are presented here merely for comparative purpose. The report issued by the predecessor auditors, which was dated 30 December 2014, expressed an unmodified opinion on those financial statements.

**DELOITTE**  
AF 0080  
Chartered Accountants

Kuala Lumpur  
5 January 2016

**TEO SWEE CHUA**  
Partner - 2846/01/16 (J)  
Chartered Accountant



STATEMENTS OF PROFIT OR LOSS AND OTHER  
**COMPREHENSIVE INCOME**  
 FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

|                                                                                                         | Note | The Group     |               | The Company |             |
|---------------------------------------------------------------------------------------------------------|------|---------------|---------------|-------------|-------------|
|                                                                                                         |      | 2015<br>RM    | 2014<br>RM    | 2015<br>RM  | 2014<br>RM  |
| Revenue                                                                                                 | 4    | 1,041,897,762 | 806,521,611   | 32,636,400  | 77,452,174  |
| Cost of sales                                                                                           | 5    | (717,133,042) | (525,591,755) | -           | -           |
| <b>Gross profit</b>                                                                                     |      | 324,764,720   | 280,929,856   | 32,636,400  | 77,452,174  |
| Other income                                                                                            |      | 24,755,555    | 40,211,040    | 8,836,020   | 20,187,771  |
| Sales and marketing expenses                                                                            |      | (39,967,606)  | (25,457,536)  | -           | -           |
| Administrative expenses                                                                                 |      | (77,501,758)  | (72,206,047)  | (1,855,491) | (1,704,125) |
| Other expenses                                                                                          |      | (44,994,880)  | (25,705,106)  | (879,846)   | (490,965)   |
| <b>Profit from operations</b>                                                                           |      | 187,056,031   | 197,772,207   | 38,737,083  | 95,444,855  |
| Finance costs                                                                                           |      | (49,810,395)  | (37,996,057)  | (2,323,634) | (701,756)   |
| Share of results of associates                                                                          |      | 68,368        | 2,783,844     | -           | -           |
| <b>Profit before tax</b>                                                                                | 6    | 137,314,004   | 162,559,994   | 36,413,449  | 94,743,099  |
| Tax expense                                                                                             | 8    | (40,683,531)  | (42,937,507)  | (2,054,760) | (1,589,792) |
| <b>Profit for the financial year</b>                                                                    |      | 96,630,473    | 119,622,487   | 34,358,689  | 93,153,307  |
| <b>Other comprehensive income</b>                                                                       |      |               |               |             |             |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>                              |      |               |               |             |             |
| Remeasurement gains on defined benefit plans                                                            |      | 1,994,516     | 338,485       | -           | -           |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                                   |      |               |               |             |             |
| Foreign currency translation differences                                                                |      | 3,255,187     | 194,669       | -           | -           |
| Reclassification of foreign translation reserve to profit or loss on repayment of intercompany balances |      | -             | 1,774,003     | -           | -           |
| Revaluation surplus of land and buildings                                                               |      | 14,534,222    | -             | 702,402     | -           |
| Income tax relating to components of other comprehensive income                                         | 8    | (2,861,250)   | -             | (67,870)    | -           |
|                                                                                                         |      | 14,928,159    | 1,968,672     | 634,532     | -           |
| <b>Total comprehensive income for the financial year</b>                                                |      | 113,553,148   | 121,929,644   | 34,993,221  | 93,153,307  |

STATEMENTS OF PROFIT OR  
LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

|                                                    | Note | The Group   |             | The Company |            |
|----------------------------------------------------|------|-------------|-------------|-------------|------------|
|                                                    |      | 2015<br>RM  | 2014<br>RM  | 2015<br>RM  | 2014<br>RM |
| <b>Profit attributable to:</b>                     |      |             |             |             |            |
| Owners of the parent                               |      | 86,960,858  | 104,684,461 | 34,358,689  | 93,153,307 |
| Non-controlling interests                          |      | 9,669,615   | 14,938,026  | -           | -          |
|                                                    |      | 96,630,473  | 119,622,487 | 34,358,689  | 93,153,307 |
| <b>Total comprehensive income attributable to:</b> |      |             |             |             |            |
| Owners of the parent                               |      | 103,673,471 | 106,961,112 |             |            |
| Non-controlling interests                          |      | 9,879,677   | 14,968,532  |             |            |
|                                                    |      | 113,553,148 | 121,929,644 |             |            |
| <b>Basic earnings per share (sen)</b>              | 9    | 20.73       | 24.97       |             |            |
| <b>Diluted earnings per share (sen)</b>            | 9    | 20.27       | 24.13       |             |            |

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

|                                                           |      | The Group     |               | The Company |             |
|-----------------------------------------------------------|------|---------------|---------------|-------------|-------------|
|                                                           | Note | 2015<br>RM    | 2014<br>RM    | 2015<br>RM  | 2014<br>RM  |
| <b>ASSETS</b>                                             |      |               |               |             |             |
| <b>Non-Current Assets</b>                                 |      |               |               |             |             |
| Property, plant and equipment                             | 10   | 210,989,544   | 173,840,844   | 1,257,750   | 572,593     |
| Goodwill                                                  | 11   | 5,354,813     | 4,757,576     | -           | -           |
| Biological assets                                         | 12   | 247,069,607   | 223,923,175   | -           | -           |
| Prepaid lease payments                                    | 13   | 27,913,330    | 27,341,957    | -           | -           |
| Investment properties                                     | 14   | 308,457,000   | 299,443,000   | -           | -           |
| Investment in subsidiaries                                | 15   | -             | -             | 681,131,186 | 680,668,688 |
| Investment in associates                                  | 16   | 12,504,478    | 12,436,110    | -           | -           |
| Land held for property development                        | 17   | 553,239,150   | 510,794,148   | -           | -           |
| Deferred tax assets                                       | 18   | 34,736,511    | 20,552,213    | 675,830     | 744,900     |
| Receivables, deposits and prepayments                     | 19   | 2,624,200     | 2,523,807     | 175,104,193 | 125,828,540 |
| <b>Total Non-Current Assets</b>                           |      | 1,402,888,633 | 1,275,612,830 | 858,168,959 | 807,814,721 |
| <b>Current Assets</b>                                     |      |               |               |             |             |
| Property development costs                                | 20   | 437,954,871   | 346,013,086   | -           | -           |
| Inventories                                               | 21   | 68,668,144    | 38,129,290    | -           | -           |
| Accrued billings in respect of property development       |      | 181,014,152   | 126,352,797   | -           | -           |
| Receivables, deposits and prepayments                     | 19   | 235,711,356   | 156,888,643   | 2,646,477   | 1,720,936   |
| Current tax assets                                        |      | 3,310,542     | 3,968,624     | -           | -           |
| Cash, bank balances, term deposits and fixed income funds | 22   | 269,074,344   | 196,091,119   | 405,509     | 1,016,517   |
| <b>Total Current Assets</b>                               |      | 1,195,733,409 | 867,443,559   | 3,051,986   | 2,737,453   |
| <b>Total Assets</b>                                       |      | 2,598,622,042 | 2,143,056,389 | 861,220,945 | 810,552,174 |

|                                                         | Note | The Group     |               | The Company |             |
|---------------------------------------------------------|------|---------------|---------------|-------------|-------------|
|                                                         |      | 2015<br>RM    | 2014<br>RM    | 2015<br>RM  | 2014<br>RM  |
| EQUITY AND LIABILITIES                                  |      |               |               |             |             |
| Capital and Reserves                                    |      |               |               |             |             |
| Share capital                                           | 23   | 419,407,284   | 419,393,607   | 419,407,284 | 419,393,607 |
| Reserves                                                | 24   | 685,245,748   | 615,111,833   | 383,789,141 | 382,335,476 |
| Equity attributable to owners<br>of the parent          |      | 1,104,653,032 | 1,034,505,440 | 803,196,425 | 801,729,083 |
| Non-controlling interests                               | 15   | 21,879,267    | 23,162,090    | -           | -           |
| Total Equity                                            |      | 1,126,532,299 | 1,057,667,530 | 803,196,425 | 801,729,083 |
| Non-Current Liabilities                                 |      |               |               |             |             |
| Deferred tax liabilities                                | 18   | 47,355,540    | 49,829,031    | -           | -           |
| Provisions                                              | 25   | 6,310,729     | 4,712,561     | -           | -           |
| Payables and accruals                                   | 26   | 136,507,117   | 122,069,225   | -           | -           |
| Loans and borrowings                                    | 27   | 514,446,635   | 415,741,994   | -           | -           |
| Total Non-Current Liabilities                           |      | 704,620,021   | 592,352,811   | -           | -           |
| Current Liabilities                                     |      |               |               |             |             |
| Provisions                                              | 25   | 19,595,520    | 19,595,520    | 3,074,400   | 3,074,400   |
| Progress billings in respect of<br>property development |      | 65,235,312    | 31,234,735    | -           | -           |
| Payables and accruals                                   | 26   | 377,372,239   | 244,643,915   | 778,864     | 339,429     |
| Loans and borrowings                                    | 27   | 286,938,069   | 192,067,979   | 53,460,660  | 5,000,000   |
| Current tax liabilities                                 |      | 18,328,582    | 5,493,899     | 710,596     | 409,262     |
| Total Current Liabilities                               |      | 767,469,722   | 493,036,048   | 58,024,520  | 8,823,091   |
| Total Liabilities                                       |      | 1,472,089,743 | 1,085,388,859 | 58,024,520  | 8,823,091   |
| Total Equity and Liabilities                            |      | 2,598,622,042 | 2,143,056,389 | 861,220,945 | 810,552,174 |
| Net assets per share (RM)                               | 9    | 2.63          | 2.47          |             |             |

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

|                                                                     | Note | Non-distributable |               |                 |                     | Distributable       |                   | Attributable to owners of the parent | 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                          | 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       | 953,331,946                          | 2,593,558                   | 955,925,504   |
| <b>Comprehensive income</b>                                         |      |                   |               |                 |                     |                     |                   |                                      |                             |               |
| Profit for the financial year                                       |      | -                 | -             | -               | -                   | -                   | 104,684,461       | 104,684,461                          | 14,938,026                  | 119,622,487   |
| <b>Other comprehensive income</b>                                   |      |                   |               |                 |                     |                     |                   |                                      |                             |               |
| Foreign currency translation differences                            |      | -                 | -             | -               | 181,100             | -                   | -                 | 181,100                              | 13,569                      | 194,669       |
| Reclassification of foreign translation reserve to profit or loss   |      | -                 | -             | -               | 1,774,003           | -                   | -                 | 1,774,003                            | -                           | 1,774,003     |
| Remeasurement gains on defined benefit plans                        |      | -                 | -             | -               | -                   | -                   | 321,548           | 321,548                              | 16,937                      | 338,485       |
| Total comprehensive income                                          |      | -                 | -             | -               | 1,955,103           | -                   | 105,006,009       | 106,961,112                          | 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                              | -                           | 546,707       |
| Share issue expenses                                                |      | -                 | (140,320)     | -               | -                   | -                   | -                 | (140,320)                            | -                           | (140,320)     |
| Issuance of shares by subsidiaries to non - controlling shareholder |      | -                 | -             | -               | -                   | -                   | -                 | -                                    | 5,600,000                   | 5,600,000     |
| Dividend                                                            | 28   | -                 | -             | -               | -                   | -                   | (26,194,005)      | (26,194,005)                         | -                           | (26,194,005)  |
| Total transactions with owners                                      |      | 70,140,285        | (13,914,294)  | (67,189)        | -                   | -                   | (81,946,420)      | (25,787,618)                         | 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       | 1,034,505,440                        | 23,162,090                  | 1,057,667,530 |

CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

|                                                                     | Note | Non-distributable |               |                 |                     | Distributable       |                   | Attributable to owners of the parent | 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                          | RM            |
| <b>At 1 October 2014</b>                                            |      | 419,393,607       | 593           | 8,012,186       | (1,145,422)         | 12,100,372          | 596,144,104       | 1,034,505,440                        | 23,162,090                  | 1,057,667,530 |
| <b>Comprehensive income</b>                                         |      |                   |               |                 |                     |                     |                   |                                      |                             |               |
| Profit for the financial year                                       |      | -                 | -             | -               | -                   | -                   | 86,960,858        | 86,960,858                           | 9,669,615                   | 96,630,473    |
| <b>Other comprehensive income</b>                                   |      |                   |               |                 |                     |                     |                   |                                      |                             |               |
| Foreign currency translation differences                            |      | -                 | -             | -               | 3,384,857           | -                   | -                 | 3,384,857                            | (129,670)                   | 3,255,187     |
| Revaluation surplus of land and buildings                           |      | -                 | -             | -               | -                   | 11,433,165          | -                 | 11,433,165                           | 239,807                     | 11,672,972    |
| Remeasurement gains on defined benefit plans                        |      | -                 | -             | -               | -                   | -                   | 1,894,591         | 1,894,591                            | 99,925                      | 1,994,516     |
| Total comprehensive income                                          |      | -                 | -             | -               | 3,384,857           | 11,433,165          | 88,855,449        | 103,673,471                          | 9,879,677                   | 113,553,148   |
| <b>Transactions with owners</b>                                     |      |                   |               |                 |                     |                     |                   |                                      |                             |               |
| Issuance of shares pursuant to warrants                             |      | 13,677            | 15,336        | (3,164)         | -                   | -                   | -                 | 25,849                               | -                           | 25,849        |
| Issuance of shares by subsidiaries to non - controlling shareholder |      | -                 | -             | -               | -                   | -                   | -                 | -                                    | 37,500                      | 37,500        |
| Dividend paid to non - controlling shareholder                      |      | -                 | -             | -               | -                   | -                   | -                 | -                                    | (11,200,000)                | (11,200,000)  |
| Dividend                                                            | 28   | -                 | -             | -               | -                   | -                   | (33,551,728)      | (33,551,728)                         | -                           | (33,551,728)  |
| Total transactions with owners                                      |      | 13,677            | 15,336        | (3,164)         | -                   | -                   | (33,551,728)      | (33,525,879)                         | (11,162,500)                | (44,688,379)  |
| <b>At 30 September 2015</b>                                         |      | 419,407,284       | 15,929        | 8,009,022       | 2,239,435           | 23,533,537          | 651,447,825       | 1,104,653,032                        | 21,879,267                  | 1,126,532,299 |

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

|                                                                                               |      |                     | ←                   | Non-distributable     | →                         | Distributable           |                    |
|-----------------------------------------------------------------------------------------------|------|---------------------|---------------------|-----------------------|---------------------------|-------------------------|--------------------|
|                                                                                               | Note | Share capital<br>RM | Share premium<br>RM | Warrant reserve<br>RM | Revaluation reserve<br>RM | Retained earnings<br>RM | Total equity<br>RM |
| <b>At 1 October 2013</b>                                                                      |      |                     |                     |                       |                           |                         |                    |
| <b>Comprehensive income</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                                                                                      | 28   | -                   | -                   | -                     | -                         | (26,194,005)            | (26,194,005)       |
| Total transactions with owners                                                                |      | 70,140,285          | (13,914,294)        | (67,189)              | -                         | (81,946,420)            | (25,787,618)       |
| <b>At 30 September 2014</b>                                                                   |      |                     |                     |                       |                           |                         |                    |
| <b>At 1 October 2014</b>                                                                      |      | 419,393,607         | 593                 | 8,012,186             | 12,375                    | 374,310,322             | 801,729,083        |
| <b>Comprehensive income</b>                                                                   |      |                     |                     |                       |                           |                         |                    |
| Profit for the financial year                                                                 |      | -                   | -                   | -                     | -                         | 34,358,689              | 34,358,689         |
| Revaluation surplus of land and buildings                                                     |      | -                   | -                   | -                     | 634,532                   | -                       | 634,532            |
| Total comprehensive income                                                                    |      | -                   | -                   | -                     | 634,532                   | 34,358,689              | 34,993,221         |
| <b>Transactions with owners</b>                                                               |      |                     |                     |                       |                           |                         |                    |
| Issuance of shares pursuant to warrants                                                       |      | 13,677              | 15,336              | (3,164)               | -                         | -                       | 25,849             |
| Dividend                                                                                      | 28   | -                   | -                   | -                     | -                         | (33,551,728)            | (33,551,728)       |
| Total transactions with owners                                                                |      | 13,677              | 15,336              | (3,164)               | -                         | (33,551,728)            | (33,525,879)       |
| <b>At 30 September 2015</b>                                                                   |      |                     |                     |                       |                           |                         |                    |
|                                                                                               |      | 419,407,284         | 15,929              | 8,009,022             | 646,907                   | 375,117,283             | 803,196,425        |

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

|                                                                         | The Group    |              | The Company  |              |
|-------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                                         | 2015<br>RM   | 2014<br>RM   | 2015<br>RM   | 2014<br>RM   |
| <b>Cash Flows From / (Used In) Operating Activities</b>                 |              |              |              |              |
| Profit before tax                                                       | 137,314,004  | 162,559,994  | 36,413,449   | 94,743,099   |
| Adjustments for:                                                        |              |              |              |              |
| Amortisation of biological assets                                       | 12,112,748   | 8,597,062    | -            | -            |
| Amortisation of prepaid lease payments                                  | 799,816      | 775,984      | -            | -            |
| Bad debts written off                                                   | 104,612      | 25,879       | -            | -            |
| Depreciation of property, plant and equipment                           | 13,696,181   | 10,871,195   | 17,245       | 19,501       |
| Deposits written off                                                    | 225,600      | 580          | -            | -            |
| Dividend income                                                         | -            | -            | (32,636,400) | (77,452,174) |
| Impairment loss on:                                                     |              |              |              |              |
| Trade receivables                                                       | 97,158       | 51,305       | -            | -            |
| Other receivables                                                       | 339,200      | 13,384       | -            | 3,800        |
| Interest expense                                                        | 49,810,395   | 37,996,057   | 2,323,634    | 701,756      |
| Unrealised loss on foreign exchange - net                               | 36,686,405   | 18,235,198   | -            | -            |
| Property, plant and equipment written off                               | 139,439      | 235,144      | -            | 1            |
| Provision for retirement gratuity                                       | -            | 2,822,400    | -            | -            |
| Provision for post-employment benefit obligations                       | 3,067,640    | 2,181,409    | -            | -            |
| Changes in fair value of investment properties                          | (10,241,084) | (22,196,624) | -            | -            |
| Gain on disposal of land held for property development                  | (600,714)    | (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)  | -            | -            |
| Gain on disposal of property, plant and equipment                       | (256,774)    | (81,215)     | -            | -            |
| Interest income                                                         | (4,827,583)  | (2,793,996)  | (8,669,898)  | (6,220,642)  |
| Reversal of impairment loss on:                                         |              |              |              |              |
| Loan and finance lease receivables                                      | (962)        | (121,514)    | -            | -            |
| Trade receivables                                                       | (104,832)    | (22,584)     | -            | -            |
| Other receivables                                                       | (138,727)    | (235,624)    | (5,600)      | (9,000)      |
| Investment in subsidiary                                                | -            | -            | -            | (13,824,877) |
| Share of results of associates                                          | (68,368)     | (2,783,844)  | -            | -            |
| <b>Operating Profit / (Loss) Before Changes in Working Capital</b>      | 238,154,154  | 207,371,664  | (2,557,570)  | (2,038,536)  |
| Change in property development costs                                    | (47,760,704) | (8,906,191)  | -            | -            |
| Change in inventories                                                   | 29,668,284   | 9,425,819    | -            | -            |
| Change in accrued billings in respect of property development           | (20,660,778) | 21,854,208   | -            | -            |
| Change in receivables, deposits and prepayments                         | (79,300,222) | (36,708,336) | (919,941)    | 350,155      |
| Change in payables and accruals                                         | 136,681,765  | 60,583,426   | 439,435      | 53,277       |
| <b>Cash Generated From / (Used In) Operations</b>                       | 256,782,499  | 253,620,590  | (3,038,076)  | (1,635,104)  |
| Interest received                                                       | 4,682,650    | 2,660,918    | 8,669,898    | 6,220,642    |
| Interest paid                                                           | (39,472,798) | (35,553,836) | (2,323,634)  | (701,756)    |
| Tax paid                                                                | (49,490,683) | (43,196,178) | (1,752,226)  | (1,542,935)  |
| Tax refunded                                                            | 2,222,564    | 2,942,297    | -            | 57,316       |
| Retirement benefit obligations paid                                     | (309,090)    | (118,169)    | -            | -            |
| Rectification works paid                                                | -            | (1,144,906)  | -            | -            |
| <b>Net Cash From Operating Activities</b>                               | 174,415,142  | 179,210,716  | 1,555,962    | 2,398,163    |



STATEMENTS OF  
CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

|                                                                                  | The Group            |                      | The Company         |                     |
|----------------------------------------------------------------------------------|----------------------|----------------------|---------------------|---------------------|
|                                                                                  | 2015<br>RM           | 2014<br>RM           | 2015<br>RM          | 2014<br>RM          |
| <b>Cash Flows From / (Used In) Investing Activities</b>                          |                      |                      |                     |                     |
| Acquisition of subsidiaries, net of cash acquired (Note 29)                      | -                    | 12,887               | (2)                 | (12,804)            |
| Acquisition of investment properties                                             | -                    | (5,539,724)          | -                   | -                   |
| Advances to subsidiaries                                                         | -                    | -                    | (49,275,653)        | (26,775,847)        |
| Subscription of shares in an associate                                           | -                    | (1,000,000)          | -                   | -                   |
| Acquisition of property, plant and equipment                                     | (17,913,216)         | (24,141,001)         | -                   | -                   |
| Additions to biological assets                                                   | (5,277,963)          | (16,170,144)         | -                   | -                   |
| Additions to land held for property development                                  | (145,643,483)        | (144,477,855)        | -                   | -                   |
| Subscription of additional shares in a subsidiary                                | -                    | -                    | (462,496)           | (30,899,998)        |
| Dividends received from subsidiaries                                             | -                    | -                    | 32,636,400          | 77,452,174          |
| Dividend received from an associate                                              | -                    | 18,000,000           | -                   | -                   |
| (Placement) / Withdrawal of deposits with licensed banks                         | (6,612,678)          | (6,121,561)          | -                   | -                   |
| Proceeds from disposal of land held for property development                     | 604,746              | 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                          | 740,647              | 84,424               | -                   | -                   |
| <b>Net Cash (Used In) / From Investing Activities</b>                            | <b>(174,101,947)</b> | <b>(171,159,217)</b> | <b>(17,101,751)</b> | <b>19,763,525</b>   |
| <b>Cash Flows From / (Used In) Financing Activities</b>                          |                      |                      |                     |                     |
| Drawdown of bridging loan                                                        | -                    | 12,010,000           | -                   | -                   |
| Drawdown of revolving credits                                                    | 145,614,561          | 115,067,000          | 47,000,000          | 5,000,000           |
| Drawdown of term loans                                                           | 49,817,181           | 91,165,419           | -                   | -                   |
| Repayments of bridging loan                                                      | (9,212,563)          | (22,537,528)         | -                   | -                   |
| Repayments of revolving credits                                                  | (25,100,000)         | (82,019,568)         | (2,000,000)         | -                   |
| Repayments of term loans                                                         | (72,164,139)         | (30,071,519)         | -                   | -                   |
| Payments of finance lease                                                        | (1,733,938)          | (2,106,615)          | -                   | -                   |
| Proceeds from issuance of shares                                                 | 25,849               | 546,707              | 25,849              | 546,707             |
| Share issue expenses                                                             | -                    | (140,320)            | -                   | (140,320)           |
| Proceeds from issuance of shares by subsidiaries to non-controlling shareholders | 37,500               | 5,600,000            | -                   | -                   |
| Dividend paid to non-controlling shareholders                                    | (11,200,000)         | -                    | -                   | -                   |
| Dividend paid                                                                    | (33,551,728)         | (26,194,005)         | (33,551,728)        | (26,194,005)        |
| <b>Net Cash From / (Used In) Financing Activities</b>                            | <b>42,532,723</b>    | <b>61,319,571</b>    | <b>11,474,121</b>   | <b>(20,787,618)</b> |
| <b>Net Increase / (Decrease) In Cash And Cash Equivalents</b>                    | <b>42,845,918</b>    | <b>69,371,070</b>    | <b>(4,071,668)</b>  | <b>1,374,070</b>    |
| Effect of exchange rate fluctuations                                             | 7,709,043            | 1,236,665            | -                   | -                   |
| <b>Cash And Cash Equivalents At Beginning Of The Financial Year</b>              | <b>175,604,672</b>   | <b>104,996,937</b>   | <b>1,016,517</b>    | <b>(357,553)</b>    |
| <b>Cash And Cash Equivalents At End Of The Financial Year</b>                    | <b>226,159,633</b>   | <b>175,604,672</b>   | <b>(3,055,151)</b>  | <b>1,016,517</b>    |

STATEMENTS OF  
CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### Cash and cash equivalents

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

|                                                                 | Note | The Group                   |                             | The Company            |                |
|-----------------------------------------------------------------|------|-----------------------------|-----------------------------|------------------------|----------------|
|                                                                 |      | 2015<br>RM                  | 2014<br>RM                  | 2015<br>RM             | 2014<br>RM     |
| Deposits with licensed banks                                    | 22   | 37,366,668                  | 37,303,540                  | -                      | -              |
| Cash and bank balances                                          | 22   | 87,689,366                  | 78,986,843                  | 405,509                | 1,016,517      |
| Cash held under housing development accounts                    | 22   | 137,306,320                 | 76,601,772                  | -                      | -              |
| Fixed income funds:                                             |      |                             |                             |                        |                |
| Redeemable at call                                              | 22   | 6,711,990                   | 3,188,022                   | -                      | -              |
| Redeemable upon 1 day notice                                    | 22   | -                           | 10,942                      | -                      | -              |
| Bank overdrafts                                                 | 27   | 269,074,344<br>(16,546,086) | 196,091,119<br>(730,500)    | 405,509<br>(3,460,660) | 1,016,517<br>- |
| Less : Non short-term and highly liquid fixed deposits          |      | 252,528,258<br>(16,687,195) | 195,360,619<br>(10,602,629) | (3,055,151)<br>-       | 1,016,517<br>- |
| Less : Deposits and bank balances pledged for credit facilities |      | (9,681,430)                 | (9,153,318)                 | -                      | -              |
|                                                                 |      | 226,159,633                 | 175,604,672                 | (3,055,151)            | 1,016,517      |

### Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment by the following means:

|                           | The Group  |            |
|---------------------------|------------|------------|
|                           | 2015<br>RM | 2014<br>RM |
| Finance lease arrangement | 2,018,000  | 2,258,363  |
| Cash payments             | 17,913,216 | 24,141,001 |
|                           | 19,931,216 | 26,399,364 |

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

### 1. GENERAL INFORMATION

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

The principal activities of the Company are investment holding and providing management services. The principal activities of the subsidiaries are stated in Note 15. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The principal place of business of the Company is located at 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 5 January 2016.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 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 3.

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 judgements in the process of applying Group's and the Company's accounting policies. Although these estimates and judgements 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 2(c).

#### (i) Adoption of new and revised Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the new and revised FRSs and Issues Committee Interpretations ("IC Interpretations") and amendments to FRSs issued by Malaysian Accounting Standards Board ("MASB") that are effective for annual financial periods beginning on or after 1 October 2014.

|                                          |                                                                                                                                                             |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amendments to FRS 10, FRS 12 and FRS 127 | Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements (Amendments relating to Investment Entities) |
| Amendments to FRS 119                    | Employees Benefits : Defined Benefit Plans (Amendments relating to Employee Contributions)                                                                  |
| Amendments to FRS 132                    | Financial Instruments : Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)                                         |

**(i) Adoption of new and revised Financial Reporting Standards (continued)**

|                                                                                                |                                                                                                                                           |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Amendments to FRS 136                                                                          | Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets)                                     |
| Amendments to FRS 139                                                                          | Financial Instruments : Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting) |
| IC Interpretation 21                                                                           | Levies                                                                                                                                    |
| Annual Improvements to FRSs 2010 - 2012 cycle<br>Annual Improvements to FRSs 2011 - 2013 cycle |                                                                                                                                           |

The adoption of these new and revised FRSs and IC Interpretation did not result in significant changes in the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

**(ii) Standards and amendments in issue but not yet effective**

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

|                                                            |                                                                                                    |
|------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| FRS 9                                                      | Financial Instruments (IFRS 9 issued by IASB in July 2014) <sup>2</sup>                            |
| FRS 14                                                     | Regulatory Deferral Accounts <sup>1</sup>                                                          |
| Amendments to FRS 10, FRS 12 and FRS 128                   | Investment Entities: Applying the Consolidation Exception <sup>1</sup>                             |
| Amendments to FRS 10 and FRS 128                           | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to FRS 11                                       | Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>                          |
| Amendments to FRS 101                                      | Disclosure Initiative <sup>1</sup>                                                                 |
| Amendments to FRS 116 and FRS 138                          | Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>                  |
| Amendments to FRS 127                                      | Equity Method in Separate Financial Statements <sup>1</sup>                                        |
| Annual Improvements to FRSs 2012 - 2014 cycle <sup>1</sup> |                                                                                                    |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>3</sup> Effective date deferred to a date to be determined and announced, with earlier application still permitted.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application.



**(iii) Malaysian Financial Reporting Standards**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 : *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture : Bearer Plants*, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework are now required to adopt the MFRS Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 30 September 2019, being the first set of financial statements prepared in accordance with new MFRS Framework.

The Group is 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. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

**(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 financial statements of the Group and of the Company 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 used in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following paragraphs:

- (i) Revenue and cost of sales recognition (Notes 4 and 5) - the Group recognises property development revenue and the related 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.

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

- (ii) Tax expense (Note 8) - significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the tax expense. 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) Valuation of land and buildings (Note 10) - the valuation of land and buildings 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 when necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the valuation of the Group's and of the Company's land and buildings.
- (iv) Depreciation of property, plant and equipment and amortisation of biological assets (Notes 10 and 12) - 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 equipment 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.
- (v) Impairment of goodwill (Note 11) - 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.
- (vi) Fair value of investment properties (Note 14) - 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 capitalised at market derived yields to arrive at the present value of the property and cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the Group's investment properties.
- (vii) Deferred tax assets (Note 18) - deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the Group to the extent that is probable that taxable profits 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.

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

- (viii) Impairment loss on receivables (Note 19) - 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.
- (ix) Inventories (Note 21) - 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.
- (x) 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.

**3. 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**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 three elements of control listed above.

When the Group has less than a 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 Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that 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.

**(a) Basis of consolidation (continued)**

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

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

**(b) Business combinations**

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

**(b) Business combinations (continued)**

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with FRS 139 or FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete at the reporting date in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those 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 at that date.



**(c) Investment in Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associate are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in

**(c) Investment in Associates (continued)**

other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with its associate of the Group, profits or losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate that are not related to the Group.

**(d) Foreign currency**

**(i) Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the Group entities' functional currency (foreign currencies) are recorded in the Group entities' functional currency at the exchange rates prevailing at the date of the transaction. Monetary items denominated in foreign currencies at the reporting date are translated 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.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period 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 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 Group'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.

**(d) Foreign currency (continued)**

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

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 accumulated in equity at the date of disposal of the subsidiary is reclassified to the consolidated profit or loss.

**(e) 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 investment properties can be estimated reliably, and there is no continuing management involvement with the properties.

**(iii) Sale of goods**

Revenue from sale 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.

**(e) 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.

**(vii) Interest income**

Interest income 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:

- (a) 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
- (b) 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.

**(f) Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefit obligations 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.

**(f) Employee benefits (continued)**

**(ii) Defined benefit plans**

A foreign subsidiary of the Company operates an unfunded defined benefit scheme. The foreign subsidiary's obligations under the scheme are determined based on external actuarial valuation in accordance with the labour law requirements in that country where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost and past service cost);
- net interest expense or income; and
- remeasurement.

The amount recognised at the reporting date represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Plan assets resulting from this calculation are to be used only to settle the employee benefit obligations and only can be returned to the Group if the remaining assets of the fund are sufficient to meet the plan's obligation to pay the related employee benefits directly.

**(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.

**(g) 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.



**(h) Leases**

**(i) Finance leases – The Group as lessee**

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.

**(ii) Operating leases – The Group as lessee**

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.

**(iii) Finance leases – The Group as lessor**

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**

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

Deferred tax is recognised on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is realised or the liability

**(i) Tax expense (continued)**

settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

**(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 land and building every five years from the last date of valuation or 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.

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

**(ii) 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.

**(iii) 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.

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

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| Long-term leasehold land            | Over lease period of 78 to 99 years |
| Buildings                           | 2% to 12.5%                         |
| Motor vehicles, plant and machinery | 5% to 20%                           |
| Furniture, fittings and equipment   | 10% to 20%                          |
| Plantation infrastructure           | 12.5%                               |

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 is identified as any excess of the consideration paid over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill acquired is allocated to the cash-generating units ("CGU") expected to benefit from the acquisition synergies. An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**(k) Intangible assets (continued)**

**(i) Goodwill (continued)**

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each assets in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

**(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.

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.

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.

**(n) Land held for property development**

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (under current assets) where development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

**(o) 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. 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 of the development.

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 are 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 represent the excess of revenue recognised in profit or loss over billings to purchasers. Progress billings represent the excess of billings to purchasers over revenue recognised in profit or loss.

**(p) Impairment of non-financial assets**

The carrying amounts of assets 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. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.



**(p) Impairment of non-financial assets (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

**(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) Non-current assets classified as held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is expected to be completed within one year from the date of classification. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

**(s) Financial instruments**

**(i) Initial recognition and measurement**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**(ii) Financial instrument categories and subsequent measurement**

**Financial assets**

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (FVTPL), “held-to-maturity” investments, “available-for-sale” (AFS) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

**(a) Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial assets are either held for trading or is designated as at FVTPL. Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (including fixed deposits with financial institutions). Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**(s) Financial instruments (continued)**

**(b) Loans and receivables (continued)**

Income from financial assets is recognised on an effective interest method for debt instruments other than those financial assets classified as at FVTPL.

**Equity instruments**

**(a) Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**(b) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**Financial liabilities**

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities are classified as either financial liabilities “at FVTPL” or “other financial liabilities”.

**(a) Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when financial liabilities are either held for trading or is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

**(b) Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**(iii) Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between carrying amount and the

**(s) Financial instruments (continued)**

**(iii) Derecognition (continued)**

sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(iv) Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is 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 carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**(t) Cash and cash equivalents**

The Group and the Company adopt the indirect method in the preparation of the statement of cash flows. Cash and cash equivalents are short-term and highly liquid investments and are readily convertible to cash with insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

**(u) Provisions**

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the management's best estimate of the amount required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

At the reporting date, provisions are reviewed by the management and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

**(v) Warrant reserve**

Warrant reserve arose from the issuance of renounceable rights issue together with free detachable warrants in prior years, which was measured at fair value on the date of issuance. 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.

**(w) Contingencies**

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

**(x) 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.

**(y) Fair value measurement**

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transactions that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 *Inventories* or value in use in FRS 136 *Impairment of Assets*.



**(y) Fair value measurement (continued)**

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**4. REVENUE**

|                                                                                                                            | <b>The Group</b>     |                    | <b>The Company</b> |                    |
|----------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|--------------------|--------------------|
|                                                                                                                            | <b>2015<br/>RM</b>   | <b>2014<br/>RM</b> | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Attributable revenue from sale of<br>uncompleted development properties<br>and sale of completed development<br>properties | 720,332,488          | 528,633,203        | -                  | -                  |
| Dividend income from subsidiaries                                                                                          | -                    | -                  | 32,636,400         | 77,452,174         |
| Interest income from money lending                                                                                         | 55,733               | 62,234             | -                  | -                  |
| Rental income                                                                                                              | 321,692              | 611,024            | -                  | -                  |
| Rental income from investment properties                                                                                   | 30,087,500           | 28,662,434         | -                  | -                  |
| Revenue from hotel operations                                                                                              | 4,388,150            | 5,156,728          | -                  | -                  |
| Sale of goods                                                                                                              | 75,449,617           | 69,258,666         | -                  | -                  |
| Sales of land held for property<br>development                                                                             | 604,746              | 439,598            | -                  | -                  |
| Sales of non-current assets classified as<br>held for sale                                                                 | -                    | 7,754,159          | -                  | -                  |
| Sales of crude palm oil and palm kernel                                                                                    | 209,538,209          | 164,753,373        | -                  | -                  |
| Services rendered                                                                                                          | 1,119,627            | 1,190,192          | -                  | -                  |
|                                                                                                                            | <b>1,041,897,762</b> | <b>806,521,611</b> | <b>32,636,400</b>  | <b>77,452,174</b>  |

Group revenue excludes intra-group transactions.

## 5. COST OF SALES

|                                                                                           | The Group   |             |
|-------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                           | 2015<br>RM  | 2014<br>RM  |
| Attributable property development costs and cost of completed development properties sold | 489,983,429 | 364,037,387 |
| Cost of land held for property development                                                | 4,032       | 5,687       |
| Cost of non-current assets classified as held for sale                                    | -           | 1,249,070   |
| Direct operating expenses from investment properties generating rental income             | 9,981,581   | 9,001,224   |
| Cost of goods sold                                                                        | 68,763,856  | 65,275,330  |
| Cost of services                                                                          | 1,722,009   | 1,351,361   |
| Cost of sales of crude palm oil and palm kernel                                           | 146,678,135 | 84,671,696  |
|                                                                                           | 717,133,042 | 525,591,755 |

## 6. PROFIT BEFORE TAX

|                                                          | The Group  |            | The Company |            |
|----------------------------------------------------------|------------|------------|-------------|------------|
|                                                          | 2015<br>RM | 2014<br>RM | 2015<br>RM  | 2014<br>RM |
| <b>Profit before tax is arrived at after charging:</b>   |            |            |             |            |
| Amortisation of prepaid lease payments                   | 799,816    | 775,984    | -           | -          |
| Amortisation of biological assets                        | 12,112,748 | 8,597,062  | -           | -          |
| Auditors' remuneration:                                  |            |            |             |            |
| Audit services                                           | 399,878    | 369,004    | 50,000      | 50,000     |
| Other services by auditors of the Company                | 36,700     | 18,600     | 31,200      | 18,600     |
| Bad debts written off                                    | 104,612    | 25,879     | -           | -          |
| Deposits written off                                     | 225,600    | 580        | -           | -          |
| Depreciation of property, plant and equipment            | 13,696,181 | 10,871,195 | 17,245      | 19,501     |
| Interest expense:                                        |            |            |             |            |
| Loans and borrowings                                     | 37,184,288 | 27,359,797 | 2,323,634   | 701,756    |
| Unwinding of discount                                    | 12,626,107 | 10,636,260 | -           | -          |
| Impairment loss on:                                      |            |            |             |            |
| Trade receivables                                        | 97,158     | 51,305     | -           | -          |
| Other receivables                                        | 339,200    | 13,384     | -           | 3,800      |
| Loss on foreign exchange - net:                          |            |            |             |            |
| Realised                                                 | -          | 1,282,149  | -           | 146        |
| Unrealised                                               | 36,686,405 | 18,235,198 | -           | -          |
| Personnel expenses (including key management personnel): |            |            |             |            |
| Contributions to Employees Provident Fund                | 5,821,920  | 5,318,644  | -           | -          |
| Provision for post-employment benefit obligations        | 3,067,640  | 2,181,409  | -           | -          |
| Provision for retirement gratuity                        | -          | 2,822,400  | -           | -          |
| Wages, salaries and others                               | 51,480,952 | 45,294,601 | 309,335     | 306,965    |

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**6. PROFIT BEFORE TAX** (continued)

|                                                                         | <b>The Group</b>   |                    | <b>The Company</b> |                    |
|-------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                         | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Property, plant and equipment written off                               | 139,439            | 235,144            | -                  | 1                  |
| Rental of motor vehicles, equipment and machinery                       | 243,513            | 34,956             | -                  | -                  |
| Rental of premises                                                      | 1,247,021          | 1,371,820          | -                  | -                  |
| <b>and after crediting:</b>                                             |                    |                    |                    |                    |
| Bad debts recovered                                                     | -                  | 941                | -                  | -                  |
| Changes in fair value of investment properties                          | 10,241,084         | 22,196,624         | -                  | -                  |
| Dividend income (gross)                                                 | -                  | -                  | 32,636,400         | 77,452,174         |
| Gain on disposal of land held for property development                  | 600,714            | 433,911            | -                  | -                  |
| Gain on disposal of non-current assets classified as held for sale      | -                  | 6,505,089          | -                  | -                  |
| Gain on disposal of property, plant and equipment                       | 256,774            | 81,215             | -                  | -                  |
| Gain on transfer of property development costs to investment properties | -                  | 1,819,526          | -                  | -                  |
| Interest income:                                                        |                    |                    |                    |                    |
| Advances to subsidiaries                                                | -                  | -                  | 8,669,790          | 6,181,651          |
| Bank balances, term deposits and fixed income funds                     | 4,682,650          | 2,660,918          | 108                | 38,991             |
| Accretion of interest                                                   | 144,933            | 133,078            | -                  | -                  |
| Realised gain on foreign exchange - net                                 | 3,052,237          | -                  | -                  | -                  |
| Rental income on land and buildings                                     | 30,568,670         | 29,669,897         | -                  | -                  |
| Reversal of impairment loss on:                                         |                    |                    |                    |                    |
| Loan and finance lease receivables                                      | 962                | 121,514            | -                  | -                  |
| Investment in subsidiary                                                | -                  | -                  | -                  | 13,824,877         |
| Trade receivables                                                       | 104,832            | 22,584             | -                  | -                  |
| Other receivables                                                       | 138,727            | 235,624            | 5,600              | 9,000              |

## 7. DIRECTORS' REMUNERATION

|                                              | The Group  |            | The Company |            |
|----------------------------------------------|------------|------------|-------------|------------|
|                                              | 2015<br>RM | 2014<br>RM | 2015<br>RM  | 2014<br>RM |
| <b>Directors of the Company</b>              |            |            |             |            |
| Executive Directors:                         |            |            |             |            |
| Other emoluments*                            | 16,036,948 | 17,766,861 | -           | -          |
| Estimated monetary value of benefits-in-kind | 99,861     | 97,372     | -           | -          |
|                                              | 16,136,809 | 17,864,233 | -           | -          |
| Non-Executive Directors:                     |            |            |             |            |
| Fees                                         | 250,000    | 250,000    | 250,000     | 250,000    |
| Other emoluments                             | 103,540    | 103,790    | 40,500      | 27,000     |
|                                              | 353,540    | 353,790    | 290,500     | 277,000    |
|                                              | 16,490,349 | 18,218,023 | 290,500     | 277,000    |
| <b>Directors of subsidiaries</b>             |            |            |             |            |
| Executive Directors:                         |            |            |             |            |
| Other emoluments*                            | 3,058,924  | 2,970,728  | -           | -          |
| Estimated monetary value of benefits-in-kind | 29,250     | 12,629     | -           | -          |
|                                              | 3,088,174  | 2,983,357  | -           | -          |
|                                              | 19,578,523 | 21,201,380 | 290,500     | 277,000    |

\* Includes provision for retirement gratuity of the Group amounting to RMNil (2014: RM2,822,400) for certain eligible directors of the Company.

## 8. TAX EXPENSE

|                                                     | The Group    |            | The Company |            |
|-----------------------------------------------------|--------------|------------|-------------|------------|
|                                                     | 2015<br>RM   | 2014<br>RM | 2015<br>RM  | 2014<br>RM |
| <b>Current tax</b>                                  |              |            |             |            |
| Malaysia:                                           |              |            |             |            |
| Current financial year                              | 60,253,553   | 33,340,690 | 2,064,300   | 1,523,800  |
| Prior financial year                                | 447,725      | (191,350)  | (10,740)    | 33,392     |
| Overseas:                                           |              |            |             |            |
| Current financial year                              | 87,938       | 195,445    | -           | -          |
| Prior financial year                                | (28,332)     | -          | -           | -          |
|                                                     | 60,760,884   | 33,344,785 | 2,053,560   | 1,557,192  |
| <b>Deferred tax</b> (Note 18):                      |              |            |             |            |
| Origination and reversal of temporary differences   | (19,096,253) | 9,914,192  | 1,200       | 32,600     |
| Overprovision in prior financial year               | (981,100)    | (321,470)  | -           | -          |
|                                                     | (20,077,353) | 9,592,722  | 1,200       | 32,600     |
| Total tax expense recognised in profit or loss      | 40,683,531   | 42,937,507 | 2,054,760   | 1,589,792  |
| Deferred tax related to other comprehensive income: |              |            |             |            |
| - Revaluation surplus of land and buildings         | 2,861,250    | -          | 67,870      | -          |

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**8. TAX EXPENSE (continued)**

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

|                                                              | <b>The Group</b>   |                    | <b>The Company</b> |                    |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                              | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| <b>Profit before tax</b>                                     | 137,314,004        | 162,559,994        | 36,413,449         | 94,743,099         |
| Tax calculated using Malaysian tax rate of 25%               | 34,328,500         | 40,640,000         | 9,103,400          | 23,685,800         |
| Tax effects of:                                              |                    |                    |                    |                    |
| Non-deductible expenses                                      | 10,399,628         | 5,511,343          | 1,119,840          | 660,000            |
| Non-taxable income                                           | (3,538,664)        | (1,697,865)        | (8,159,100)        | (22,819,200)       |
| Share of results of associates                               | (17,092)           | (695,961)          | -                  | -                  |
| Effect of changes in tax rate:                               |                    |                    |                    |                    |
| Income tax                                                   | 687,270            | (1,633,290)        | 1,360              | 29,800             |
| Real property gains tax                                      | -                  | 4,884,900          | -                  | -                  |
| Deferred tax recognised at different rate                    | (1,925,500)        | (3,614,900)        | -                  | -                  |
| Deferred tax assets not recognised                           | 1,311,096          | 28,400             | -                  | -                  |
| Realisation of deferred tax assets previously not recognised | -                  | (11,500)           | -                  | -                  |
| Under/(Over)provision in prior financial year:               |                    |                    |                    |                    |
| Current tax                                                  | 419,393            | (191,350)          | (10,740)           | 33,392             |
| Deferred tax                                                 | (981,100)          | (321,470)          | -                  | -                  |
| Real property gain tax                                       | -                  | 39,200             | -                  | -                  |
| <b>Tax expense</b>                                           | <b>40,683,531</b>  | <b>42,937,507</b>  | <b>2,054,760</b>   | <b>1,589,792</b>   |

The Finance (No. 2) Act 2014 gazetted on 30 December 2014 enacts the reduction of corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be the expected rates.

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 30 September 2015, the estimated amount of deductible temporary differences, unused tax losses and unused tax credits, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of its realisation, is as follows:

|                               | <b>The Group</b>   |                    |
|-------------------------------|--------------------|--------------------|
|                               | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Unused tax losses             | 9,615,700          | 3,742,100          |
| Unabsorbed capital allowances | 52,300             | 42,700             |
| Other temporary differences   | (420,300)          | -                  |
|                               | <b>9,247,700</b>   | <b>3,784,800</b>   |



## 9. EARNINGS AND NET ASSETS PER SHARE

### Basic earnings per share

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

Basic earnings per share are calculated as follows:

|                                                                       | <b>The Group</b>   |                    |
|-----------------------------------------------------------------------|--------------------|--------------------|
|                                                                       | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Profit attributable to owners of the parent                           | 86,960,858         | 104,684,461        |
|                                                                       | <b>2015</b>        | <b>2014</b>        |
| Number of ordinary shares in issue at beginning of the financial year | 419,393,607        | 349,253,322        |
| Effect of exercise of warrants                                        | 11,436             | 101,017            |
| Effect of bonus issue                                                 | -                  | 69,898,293         |
| Weighted average number of ordinary shares in issue                   | 419,405,043        | 419,252,632        |
| Basic earnings per share (sen)                                        | 20.73              | 24.97              |

### 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 parent 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.

|                                                     | <b>The Group</b>   |                    |
|-----------------------------------------------------|--------------------|--------------------|
|                                                     | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Profit attributable to owners of the parent         | 86,960,858         | 104,684,461        |
|                                                     | <b>2015</b>        | <b>2014</b>        |
| Weighted average number of ordinary shares in issue | 419,405,043        | 419,252,632        |
| Adjustments for warrants                            | 9,669,877          | 14,512,698         |
| Adjusted weighted average number of ordinary shares | 429,074,920        | 433,765,330        |
| Diluted earnings per share (sen)                    | 20.27              | 24.13              |

**9. EARNINGS AND NET ASSETS PER SHARE (continued)**

**Diluted earnings per share (continued)**

Since the end of the financial year, 18,000 (2014: 13,037) warrants have been exercised resulting in the issuance of 18,000 (2014: 13,037) ordinary shares of RM1 each.

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 owners of the parent by the number of ordinary shares in issue at the reporting date.

## 10. PROPERTY, PLANT AND EQUIPMENT

| The Group<br>2015                        | Freehold<br>land<br>RM | Long-term<br>leasehold land<br>RM | Buildings<br>RM | Motor vehicles,<br>plant and machinery<br>RM | Furniture, fittings<br>and equipment<br>RM | Plantation<br>infrastructure<br>RM | Under<br>construction<br>RM | Total<br>RM |
|------------------------------------------|------------------------|-----------------------------------|-----------------|----------------------------------------------|--------------------------------------------|------------------------------------|-----------------------------|-------------|
| <b>Cost/Valuation</b>                    |                        |                                   |                 |                                              |                                            |                                    |                             |             |
| At 1 October 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 |
| Additions                                | -                      | -                                 | -               | 6,315,336                                    | 4,202,367                                  | -                                  | 9,413,513                   | 19,931,216  |
| Disposals                                | -                      | -                                 | -               | (2,336,007)                                  | -                                          | -                                  | -                           | (2,336,007) |
| Write-offs                               | -                      | -                                 | -               | (219,188)                                    | (38,832)                                   | -                                  | -                           | (258,020)   |
| Reclassification                         | -                      | -                                 | (12,537,604)    | 38,803,798                                   | -                                          | 1,538,300                          | (27,804,494)                | -           |
| Revaluation                              | 2,630,000              | 800,000                           | 2,705,721       | -                                            | -                                          | -                                  | -                           | 6,135,721   |
| Effect of movements in<br>exchange rates | -                      | -                                 | 8,667,180       | 5,022,676                                    | 664,136                                    | 4,741,363                          | 2,679,397                   | 21,774,752  |
| At 30 September 2015                     | 12,240,000             | 6,400,000                         | 81,890,241      | 89,362,670                                   | 22,016,487                                 | 43,731,660                         | 4,984,838                   | 260,625,896 |
| <b>Accumulated Depreciation</b>          |                        |                                   |                 |                                              |                                            |                                    |                             |             |
| At 1 October 2014                        | -                      | 284,444                           | 9,717,683       | 18,751,851                                   | 8,275,361                                  | 4,508,051                          | -                           | 41,537,390  |
| Charge for the financial year*           | -                      | 71,111                            | 4,566,457       | 5,058,729                                    | 2,282,718                                  | 2,172,673                          | -                           | 14,151,688  |
| Disposals                                | -                      | -                                 | -               | (1,852,134)                                  | -                                          | -                                  | -                           | (1,852,134) |
| Write-offs                               | -                      | -                                 | -               | (89,802)                                     | (28,779)                                   | -                                  | -                           | (118,581)   |
| Revaluation                              | -                      | (355,555)                         | (8,042,946)     | -                                            | -                                          | -                                  | -                           | (8,398,501) |
| Reclassification                         | -                      | -                                 | (3,341,428)     | 3,341,428                                    | -                                          | -                                  | -                           | -           |
| Effect of movements in<br>exchange rates | -                      | -                                 | 1,162,781       | 2,303,586                                    | 269,523                                    | 580,600                            | -                           | 4,316,490   |
| At 30 September 2015                     | -                      | -                                 | 4,062,547       | 27,513,658                                   | 10,798,823                                 | 7,261,324                          | -                           | 49,636,352  |
| <b>Net Carrying Amount</b>               |                        |                                   |                 |                                              |                                            |                                    |                             |             |
| At 30 September 2015                     | 12,240,000             | 6,400,000                         | 77,827,694      | 61,849,012                                   | 11,217,664                                 | 36,470,336                         | 4,984,838                   | 210,989,544 |

10. PROPERTY, PLANT AND EQUIPMENT (continued)

| The Group<br>2014                        | Freehold<br>land<br>RM | Long-term<br>leasehold land<br>RM | Buildings<br>RM | Motor vehicles,<br>plant and machinery<br>RM | Furniture, fittings<br>and equipment<br>RM | Plantation<br>infrastructure<br>RM | Under<br>construction<br>RM | Total<br>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)   |
| Write-offs                               | -                      | -                                 | -               | (354,282)                                    | (34,430)                                   | -                                  | -                           | (388,712)   |
| Reclassification                         | -                      | -                                 | 3,206,189       | -                                            | -                                          | 5,644,983                          | (8,851,172)                 | -           |
| Effect of movements in<br>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)   |
| Write-offs                               | -                      | -                                 | -               | (120,282)                                    | (33,286)                                   | -                                  | -                           | (153,568)   |
| Effect of movements in<br>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 |

\* Included in depreciation charge for the financial year is an amount of RM455,507 (2014: RM1,453,065) capitalised in biological assets.

# 10. PROPERTY, PLANT AND EQUIPMENT (continued)

The freehold and leasehold land and buildings stated at valuation were revalued by the directors in September 2015 and September 2010 based on independent professional valuation on the market value basis using the cost and direct comparison of valuation methods, except for certain buildings located at oil palm plantation with carrying amounts totalling RM12,380,316 were not revalued as at 30 September 2015. The directors are of the view that it is not practicable to fair value these buildings as these are mainly staff quarters and amenities which were built at the oil palm plantation for use by the plantation workers and there is a lack of active market for the buildings.

| The Group<br>2015                     | Freehold<br>land<br>RM | Long-term<br>leasehold land<br>RM | Buildings<br>RM | Motor vehicles,<br>plant and machinery<br>RM | Furniture, fittings<br>and equipment<br>RM | Plantation<br>infrastructure<br>RM | Under<br>construction<br>RM | Total<br>RM |
|---------------------------------------|------------------------|-----------------------------------|-----------------|----------------------------------------------|--------------------------------------------|------------------------------------|-----------------------------|-------------|
| <b>Analysis of Cost and Valuation</b> |                        |                                   |                 |                                              |                                            |                                    |                             |             |
| At valuation - 2015                   | 12,240,000             | 6,400,000                         | 65,447,378      | -                                            | -                                          | -                                  | -                           | 84,087,378  |
| At cost                               | -                      | -                                 | 16,442,863      | 89,362,670                                   | 22,016,487                                 | 43,731,660                         | 4,984,838                   | 176,538,518 |
|                                       | 12,240,000             | 6,400,000                         | 81,890,241      | 89,362,670                                   | 22,016,487                                 | 43,731,660                         | 4,984,838                   | 260,625,896 |
| <b>Net Carrying Amount</b>            |                        |                                   |                 |                                              |                                            |                                    |                             |             |
| At valuation - 2015                   | 12,240,000             | 6,400,000                         | 65,447,378      | -                                            | -                                          | -                                  | -                           | 84,087,378  |
| At cost                               | -                      | -                                 | 12,380,316      | 61,849,012                                   | 11,217,664                                 | 36,470,336                         | 4,984,838                   | 126,902,166 |
|                                       | 12,240,000             | 6,400,000                         | 77,827,694      | 61,849,012                                   | 11,217,664                                 | 36,470,336                         | 4,984,838                   | 210,989,544 |
| <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                  | 162,113,564 |
|                                       | 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>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                  | 124,305,223 |
|                                       | 9,610,000              | 5,315,556                         | 73,337,261      | 23,024,204                                   | 8,913,455                                  | 32,943,946                         | 20,696,422                  | 173,840,844 |



**10. PROPERTY, PLANT AND EQUIPMENT (continued)**

|                                 | Freehold<br>land<br>RM | Buildings<br>RM | Furniture, fittings<br>and equipment<br>RM | Total<br>RM |
|---------------------------------|------------------------|-----------------|--------------------------------------------|-------------|
| <b>The Company</b>              |                        |                 |                                            |             |
| <b>2015</b>                     |                        |                 |                                            |             |
| <b>Cost/Valuation</b>           |                        |                 |                                            |             |
| At 1 October 2014               | 110,000                | 465,000         | 79,296                                     | 654,296     |
| Revaluation                     | 530,000                | 125,000         | -                                          | 655,000     |
| At 30 September 2015            | 640,000                | 590,000         | 79,296                                     | 1,309,296   |
| <b>Accumulated Depreciation</b> |                        |                 |                                            |             |
| At 1 October 2014               | -                      | 37,912          | 43,791                                     | 81,703      |
| Charge for the financial year   | -                      | 9,490           | 7,755                                      | 17,245      |
| Revaluation                     | -                      | (47,402)        | -                                          | (47,402)    |
| At 30 September 2015            | -                      | -               | 51,546                                     | 51,546      |
| <b>Net Carrying Amount</b>      |                        |                 |                                            |             |
| At 30 September 2015            | 640,000                | 590,000         | 27,750                                     | 1,257,750   |
| <b>2014</b>                     |                        |                 |                                            |             |
| <b>Cost/Valuation</b>           |                        |                 |                                            |             |
| At 1 October 2013               | 110,000                | 465,000         | 85,065                                     | 660,065     |
| Write-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      |
| Write-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     |

**10. PROPERTY, PLANT AND EQUIPMENT (continued)**

|                                       | Freehold<br>land<br>RM | Buildings<br>RM | Furniture, fittings<br>and equipment<br>RM | Total<br>RM |
|---------------------------------------|------------------------|-----------------|--------------------------------------------|-------------|
| <b>The Company</b>                    |                        |                 |                                            |             |
| <b>2015</b>                           |                        |                 |                                            |             |
| <b>Analysis of Cost and Valuation</b> |                        |                 |                                            |             |
| At valuation - 2015                   | 640,000                | 590,000         | -                                          | 1,230,000   |
| At cost                               | -                      | -               | 79,296                                     | 79,296      |
|                                       | 640,000                | 590,000         | 79,296                                     | 1,309,296   |
| <b>Net Carrying Amount</b>            |                        |                 |                                            |             |
| At valuation - 2015                   | 640,000                | 590,000         | -                                          | 1,230,000   |
| At cost                               | -                      | -               | 27,750                                     | 27,750      |
|                                       | 640,000                | 590,000         | 27,750                                     | 1,257,750   |
| <b>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     |

Fair value measurement disclosures for revalued land and buildings are disclosed in Note 40.

###### 10. PROPERTY, PLANT AND EQUIPMENT (continued)

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

|                          | The Group  |            | The Company |            |
|--------------------------|------------|------------|-------------|------------|
|                          | 2015<br>RM | 2014<br>RM | 2015<br>RM  | 2014<br>RM |
| Freehold land            | 666,424    | 666,424    | 110,000     | 110,000    |
| Long-term leasehold land | 1,003,284  | 1,029,214  | -           | -          |
| Buildings                | 44,398,625 | 44,880,416 | 402,500     | 411,700    |
|                          | 46,068,333 | 46,576,054 | 512,500     | 521,700    |

Included in the above property, plant and equipment are:

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

|                          | Motor<br>vehicles<br>RM | Plant and<br>machinery<br>RM | Total<br>RM  |
|--------------------------|-------------------------|------------------------------|--------------|
| <b>The Group</b>         |                         |                              |              |
| <b>2015</b>              |                         |                              |              |
| Cost                     | 13,660,080              | 75,702,590                   | 89,362,670   |
| Accumulated depreciation | (6,231,853)             | (21,281,805)                 | (27,513,658) |
| Net carrying amount      | 7,428,227               | 54,420,785                   | 61,849,012   |
| <b>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) Property, plant and equipment pledged as security for bank guarantee and credit facilities granted to certain subsidiaries as disclosed in Note 27 are as follows:

|                            | The Group  |            |
|----------------------------|------------|------------|
|                            | 2015<br>RM | 2014<br>RM |
| <b>Cost/Valuation</b>      |            |            |
| Buildings                  | 24,000,000 | 24,800,000 |
| <b>Net Carrying Amount</b> |            |            |
| Buildings                  | 24,000,000 | 22,643,480 |

## 10. PROPERTY, PLANT AND EQUIPMENT (continued)

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

|                     | The Group  |            |
|---------------------|------------|------------|
|                     | 2015<br>RM | 2014<br>RM |
| Cost                | 8,214,531  | 9,761,037  |
| Net Carrying Amount | 5,530,073  | 5,541,410  |

(d) Property, plant and equipment under construction are mainly 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.

## 11. GOODWILL

|                                           | The Group  |            |
|-------------------------------------------|------------|------------|
|                                           | 2015<br>RM | 2014<br>RM |
| <b>Goodwill on acquisition - At cost</b>  |            |            |
| At beginning of year                      | 4,861,804  | 5,035,093  |
| In respect of acquisition of a subsidiary | -          | 2,369      |
| Effect of movements in exchange rate      | 597,237    | (175,658)  |
| At end of year                            | 5,459,041  | 4,861,804  |
| <b>Accumulated impairment loss</b>        |            |            |
| At beginning and end of year              | (104,228)  | (104,228)  |
| <b>Net book value</b>                     | 5,354,813  | 4,757,576  |

### Impairment test of goodwill

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

|                      | The Group  |            |
|----------------------|------------|------------|
|                      | 2015<br>RM | 2014<br>RM |
| Plantation           | 5,322,444  | 4,725,207  |
| Property development | 32,369     | 32,369     |
|                      | 5,354,813  | 4,757,576  |

## 11. GOODWILL (continued)

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 flows projection in respect of impairment test for goodwill on the plantation segment are:

- (i) discount rate of 11.5% (2014: 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 (2014: 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 RM2,254 (2014: RM2,300) per metric tonne based on the management's estimate;
- (iv) Average CPO extraction rate of 23% (2014: 22%) based on the industry trend and past performance; and
- (v) Average annual oil palm yield per hectare of 28 to 36 (2014: 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.

If the estimated pre-tax discount rate applied to the discounted cash flows projection would have been 13.5% instead of 11.5% as at 30 September 2015, the goodwill would not be impacted.

## 12. BIOLOGICAL ASSETS

|                                      | The Group    |             |
|--------------------------------------|--------------|-------------|
|                                      | 2015<br>RM   | 2014<br>RM  |
| <b>At cost:</b>                      |              |             |
| At beginning of year                 | 223,923,175  | 217,596,351 |
| Additions                            | 6,828,210    | 23,284,172  |
| Amortisation for the financial year  | (12,112,748) | (8,597,062) |
| Effect of movements in exchange rate | 28,430,970   | (8,360,286) |
| At end of year                       | 247,069,607  | 223,923,175 |

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



## 12. BIOLOGICAL ASSETS (continued)

Expenses capitalised during the financial year include the following:

|                                               | <b>The Group</b>   |                    |
|-----------------------------------------------|--------------------|--------------------|
|                                               | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Depreciation of property, plant and equipment | 455,507            | 1,453,065          |
| Interest capitalised                          | 1,094,740          | 5,660,963          |
| Personnel expenses:                           |                    |                    |
| - Wages, salaries and others                  | 939,500            | 3,062,520          |

The interest on borrowing for the financial year is capitalised at rates ranging from 3.8% to 5.50% (2014: 5.50% to 6.30%) per annum.

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

## 13. PREPAID LEASE PAYMENTS

|                                      | <b>The Group</b>   |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| At beginning of year                 | 27,341,957         | 28,226,040         |
| Amortisation for the financial year  | (799,816)          | (775,984)          |
| Effect of movements in exchange rate | 1,371,189          | (108,099)          |
| At end of year                       | 27,913,330         | 27,341,957         |

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

The short-term leasehold land of RM23,722,179 (2014: RM24,056,934) is pledged as security for credit facilities granted to the Group as disclosed in Note 27.

#### 14. INVESTMENT PROPERTIES

|                                                                         | 2015                                |                          |             | 2014                                |                          |             |
|-------------------------------------------------------------------------|-------------------------------------|--------------------------|-------------|-------------------------------------|--------------------------|-------------|
|                                                                         | Completed investment property<br>RM | Under construction<br>RM | Total<br>RM | Completed investment property<br>RM | Under construction<br>RM | Total<br>RM |
| <b>The Group</b>                                                        |                                     |                          |             |                                     |                          |             |
| <b>At fair value/cost</b>                                               |                                     |                          |             |                                     |                          |             |
| At beginning of year                                                    | 299,443,000                         | -                        | 299,443,000 | 232,387,700                         | 31,216,952               | 263,604,652 |
| Additions                                                               | -                                   | -                        | -           | -                                   | 5,539,724                | 5,539,724   |
| Transfer from property development costs (Note 20)                      | -                                   | -                        | -           | 6,282,474                           | -                        | 6,282,474   |
| Gain on transfer of property development costs to investment properties | -                                   | -                        | -           | 1,819,526                           | -                        | 1,819,526   |
| Reversals*                                                              | (1,227,084)                         | -                        | (1,227,084) | -                                   | -                        | -           |
| Reclassification                                                        | -                                   | -                        | -           | 36,756,676                          | (36,756,676)             | -           |
| Changes in fair values                                                  | 10,241,084                          | -                        | 10,241,084  | 22,196,624                          | -                        | 22,196,624  |
| At end of year                                                          | 308,457,000                         | -                        | 308,457,000 | 299,443,000                         | -                        | 299,443,000 |

\* Reversals represent discount given by contractor in relation to progress billings claimed in the previous financial year.

Included in the above are:

|                                                                  | The Group   |             |
|------------------------------------------------------------------|-------------|-------------|
|                                                                  | 2015<br>RM  | 2014<br>RM  |
| <b>Freehold land and buildings – at fair value</b>               |             |             |
| Freehold land                                                    | 46,200,000  | 42,800,000  |
| Buildings                                                        | 55,367,000  | 54,673,000  |
|                                                                  | 101,567,000 | 97,473,000  |
| <b>Leasehold land and buildings – at fair value</b>              |             |             |
| Leasehold land with unexpired lease period of more than 50 years | 66,600,000  | 61,800,000  |
| Buildings                                                        | 140,290,000 | 140,170,000 |
|                                                                  | 206,890,000 | 201,970,000 |
|                                                                  | 308,457,000 | 299,443,000 |

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

Included in the above are land and buildings amounting to RM254,867,000 (2014: RM249,473,000) pledged for credit facilities granted to subsidiaries as disclosed in Note 27.

## 15. INVESTMENT IN SUBSIDIARIES

|                                                   | The Company |              |
|---------------------------------------------------|-------------|--------------|
|                                                   | 2015<br>RM  | 2014<br>RM   |
| <b>Unquoted shares – at cost</b>                  |             |              |
| Ordinary shares                                   | 404,455,400 | 403,992,902  |
| Redeemable convertible preference shares (“RCPS”) | 279,500,000 | 279,500,000  |
|                                                   | 683,955,400 | 683,492,902  |
| <b>Accumulated impairment loss</b>                |             |              |
| At beginning of year                              | (2,824,214) | (16,649,091) |
| Impairment loss no longer required                | -           | 13,824,877   |
| At end of year                                    | (2,824,214) | (2,824,214)  |
| <b>Net book value</b>                             | 681,131,186 | 680,668,688  |

Details of the subsidiaries are as follows:

| Name of subsidiary                    | Country of incorporation | Principal activities                                                 | Proportion of ownership interest and voting power held by the Group |      |
|---------------------------------------|--------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------|------|
|                                       |                          |                                                                      | 2015                                                                | 2014 |
| ^ μ Achieve Acres Sdn. Bhd.           | Malaysia                 | Property development                                                 | 85%                                                                 | 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%                                                                | 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 Landscape Creation Sdn. Bhd. | Malaysia                 | Dormant                                                              | 100%                                                                | -    |

## 15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

| Name of subsidiary                      | Country of incorporation | Principal activities                                                              | Proportion of ownership interest and voting power held by the Group |      |
|-----------------------------------------|--------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------|------|
|                                         |                          |                                                                                   | 2015                                                                | 2014 |
| Global Retreat (MM2H) Sdn. Bhd.         | Malaysia                 | Insurance agency                                                                  | 100%                                                                | 100% |
| Intelek Kekal (M) Sdn. Bhd.             | Malaysia                 | 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% |
| 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.                      | Malaysia                 | Dormant                                                                           | 100%                                                                | 100% |
| MKH Management Sdn. Bhd.                | Malaysia                 | Management, secretarial services and insurance agency                             | 100%                                                                | 100% |
| MKH Building Materials 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% |
| ∞ Pelangi Binaraya Sdn. Bhd.            | Malaysia                 | Property development                                                              | 100%                                                                | 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% |
| ∞* Petik Mekar Sdn. Bhd.                | Malaysia                 | Property development                                                              | 100%                                                                | 100% |

## 15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

| Name of subsidiary                                                               | Country of incorporation       | Principal activities                                      | Proportion of ownership interest and voting power held by the Group |        |
|----------------------------------------------------------------------------------|--------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------|--------|
|                                                                                  |                                |                                                           | 2015                                                                | 2014   |
| 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%   |
| Ω∞ Suria Villa Sdn. Bhd.                                                         | Malaysia                       | Property development                                      | 100%                                                                | 100%   |
| Vista Haruman Development Sdn. Bhd.                                              | Malaysia                       | Property development                                      | 55%                                                                 | 55%    |
| <b>Subsidiaries of Detik Merdu Sdn. Bhd.</b>                                     |                                |                                                           |                                                                     |        |
| #@ PT Maju Kalimantan Hadapan (formerly known as PT Khaleda Agroprima Malindo)   | Republic of Indonesia          | Oil palm plantation                                       | 95%                                                                 | 95%    |
| # PT Nusantara Makmur Jaya                                                       | Republic of Indonesia          | Dormant                                                   | 100%                                                                | 100%   |
| <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%                                                                 | 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 Pelangi Seri Alam Development Sdn. Bhd.</b>                     |                                |                                                           |                                                                     |        |
| Hillpark Resources Sdn. Bhd. (formerly known as Puncak Alam Resources Sdn. Bhd.) | Malaysia                       | Property development                                      | 100%                                                                | 100%   |
| <b>Subsidiary of Metro Kajang (Oversea) Sdn. Bhd.</b>                            |                                |                                                           |                                                                     |        |
| # Vast Furniture Manufacturing (Kunshan) Co. Ltd.                                | The People's Republic of China | Furniture manufacturing                                   | 100%                                                                | 100%   |



## 15. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

| Name of subsidiary                                                    | Country of incorporation | Principal activities                   | Proportion of ownership interest and voting power held by the Group |      |
|-----------------------------------------------------------------------|--------------------------|----------------------------------------|---------------------------------------------------------------------|------|
|                                                                       |                          |                                        | 2015                                                                | 2014 |
| <b>Subsidiary of Palga Sdn. Bhd.</b><br>Hiliran Juara Sdn. Bhd.       | Malaysia                 | Property development                   | 100%                                                                | 100% |
| <b>Subsidiaries of Srijang Indah Sdn. Bhd.</b><br>Laju Jaya Sdn. Bhd. | Malaysia                 | Hotel business and property investment | 100%                                                                | 100% |
| Maha Usaha Sdn. Bhd.                                                  | Malaysia                 | Property investment and management     | 100%                                                                | 100% |

# Subsidiaries audited by firms of auditors other than Deloitte.

~ During the financial year, the Company acquired a subsidiary for a total cash consideration of RM2.

∞ In the previous financial year, the Company acquired the respective subsidiaries for a total cash consideration of RM8.

^ In the previous financial year, the Company acquired a subsidiary for a total cash consideration of RM12,796 from another subsidiary.

Ω During the financial year, the Company subscribed for additional 249,998 new ordinary shares of RM1 each in a subsidiary.

\* In the previous financial year, 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.

μ During the financial year, the Company subscribed for 212,498 new ordinary shares of RM1 each in a subsidiary, representing 85% of the total allotment of 249,998 new ordinary shares.

@ The investment in shares have been pledged as security for credit facilities granted to a subsidiary as disclosed in Note 27.

### Acquisition of subsidiary

On 10 June 2015, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in Global Landscape Creation Sdn. Bhd. for a total cash consideration of RM2. The said acquisition did not give rise to a material impact on the financial statements of the Group.

### Redeemable Convertible Preference Shares

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

#### (a) Dividends

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.

## 15. INVESTMENT IN SUBSIDIARIES (continued)

### Redeemable Convertible Preference Shares (continued)

#### (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.

#### (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.

## 15. INVESTMENT IN SUBSIDIARIES (continued)

### Non-controlling interests

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

|                                                       | <b>Amona Metro<br/>Development<br/>Sdn. Bhd.<br/>RM</b> | <b>PT Maju<br/>Kalimantan<br/>Hadapan<br/>RM</b> | <b>Individually<br/>immaterial<br/>subsidiaries<br/>RM</b> | <b>Total<br/>RM</b> |
|-------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------|---------------------|
| <b>2015</b>                                           |                                                         |                                                  |                                                            |                     |
| NCI percentage of ownership interest and voting power | 40%                                                     | 5%                                               | -                                                          | -                   |
| Carrying amount of NCI                                | 18,498,513                                              | (1,453,214)                                      | 4,833,968                                                  | 21,879,267          |
| Profit/(Loss) allocated to NCI                        | 11,289,891                                              | (1,261,962)                                      | (358,314)                                                  | 9,669,615           |
| Total comprehensive income/(loss) allocated to NCI    | 11,289,891                                              | (1,051,900)                                      | (358,314)                                                  | 9,879,677           |
| <b>2014</b>                                           |                                                         |                                                  |                                                            |                     |
| NCI percentage of ownership interest and voting power | 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/(loss) allocated to NCI    | 14,156,128                                              | 1,053,716                                        | (241,312)                                                  | 14,968,532          |

## 15. INVESTMENT IN SUBSIDIARIES (continued)

### Non-controlling interests (continued)

The financial information of the subsidiaries, namely Amona Metro Development Sdn. Bhd. and PT Maju Kalimantan Hadapan that have material NCI before intra-group elimination are as follows:

|                                                         | <b>Amona Metro<br/>Development<br/>Sdn. Bhd.<br/>RM<br/>2015</b> | <b>PT Maju<br/>Kalimantan<br/>Hadapan<br/>RM<br/>2015</b> | <b>Amona Metro<br/>Development<br/>Sdn. Bhd.<br/>RM<br/>2014</b> | <b>PT Maju<br/>Kalimantan<br/>Hadapan<br/>RM<br/>2014</b> |
|---------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------|
| <b>Assets and liabilities</b>                           |                                                                  |                                                           |                                                                  |                                                           |
| Non-current assets                                      | -                                                                | 395,611,642                                               | -                                                                | 349,445,967                                               |
| Current assets                                          | 67,433,705                                                       | 58,456,017                                                | 79,114,882                                                       | 68,273,180                                                |
| Non-current liabilities                                 | (6,746,337)                                                      | (407,274,181)                                             | (8,173,644)                                                      | (392,457,886)                                             |
| Current liabilities                                     | (14,441,085)                                                     | (75,799,746)                                              | (24,919,682)                                                     | (33,268,107)                                              |
| Net assets/(liabilities)                                | 46,246,283                                                       | (29,006,268)                                              | 46,021,556                                                       | (8,006,846)                                               |
| <b>Results</b>                                          |                                                                  |                                                           |                                                                  |                                                           |
| Revenue                                                 | 118,666,898                                                      | 209,538,209                                               | 121,948,372                                                      | 164,753,373                                               |
| Profit for the financial year                           | 28,224,727                                                       | (25,188,875)                                              | 35,390,320                                                       | 20,456,028                                                |
| Total comprehensive income                              | 28,224,727                                                       | (20,996,010)                                              | 35,390,320                                                       | 21,065,898                                                |
| Cash flows from/(used in):                              |                                                                  |                                                           |                                                                  |                                                           |
| Operating activities                                    | 55,231,315                                                       | 32,064,910                                                | 16,965,120                                                       | 38,902,092                                                |
| Investing activities                                    | -                                                                | (16,088,881)                                              | -                                                                | (38,458,314)                                              |
| Financing activities                                    | (41,987,685)                                                     | (24,792,250)                                              | (10,885,138)                                                     | 13,915,567                                                |
| Net increase/(decrease) in cash<br>and cash equivalents | 13,243,630                                                       | (8,816,221)                                               | 6,079,982                                                        | 14,359,345                                                |
| Dividends paid to NCI                                   | 11,200,000                                                       | -                                                         | -                                                                | -                                                         |

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 the covenants of the bank term loans taken by PT Maju Kalimantan Hadapan, 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 its shareholders until full settlement of the loans unless prior written consent is obtained from the lenders. The assets to which such restrictions apply are the cash and cash equivalents of the subsidiary included in the consolidated financial statements amounting to RM9,054,939 (2014: RM8,038,874).

## 16. INVESTMENT IN ASSOCIATES

|                                    | The Group  |            |
|------------------------------------|------------|------------|
|                                    | 2015<br>RM | 2014<br>RM |
| <b>At cost:</b>                    |            |            |
| Unquoted shares                    | 4,250,000  | 4,250,000  |
| Share of post-acquisition reserves | 8,254,478  | 8,186,110  |
|                                    | 12,504,478 | 12,436,110 |

The details of the associates, incorporated in Malaysia, are as follows:

| Name of associate                     | Principal activities                                           | Proportion of ownership interest and voting power held by the Group |      | Financial year end |
|---------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|------|--------------------|
|                                       |                                                                | 2015                                                                | 2014 |                    |
| * 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 Dapit Jaya Builder Sdn. Bhd.

^ Interest held through Metro Tiara (M) Sdn. Bhd. ("MTSB"). In the previous financial year, MTSB subscribed 1,000,000 new ordinary shares of RM1 each in the associate.

The above associates are accounted for using the equity method in the 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.

|                               | The Group   |             |
|-------------------------------|-------------|-------------|
|                               | 2015<br>RM  | 2014<br>RM  |
| <b>RMSB</b>                   |             |             |
| Non-current assets            | 9,014       | 2,472,355   |
| Current assets                | 33,989,614  | 33,727,355  |
| Non-current liabilities       | -           | (2,124,033) |
| Current liabilities           | (7,057,621) | (8,417,585) |
| <b>Net assets</b>             | 26,941,007  | 25,658,092  |
| <b>Results</b>                |             |             |
| Revenue                       | -           | 10,259,020  |
| Profit for the financial year | 1,282,915   | 7,849,239   |
| Total comprehensive income    | 1,282,915   | 7,849,239   |



## 16. INVESTMENT IN ASSOCIATES (continued)

The reconciliation of net assets to carrying amount of the associates is as follows:

|                                       | RMSB<br>RM | Individually immaterial associate<br>RM | Total<br>RM |
|---------------------------------------|------------|-----------------------------------------|-------------|
| <b>2015</b>                           |            |                                         |             |
| Group's share of net assets           | 12,123,453 | 381,025                                 | 12,504,478  |
| Group's share of results in associate | 577,312    | (508,944)                               | 68,368      |
| Dividend received from associate      | -          | -                                       | -           |
| <b>2014</b>                           |            |                                         |             |
| Group's share of net assets           | 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  |

## 17. LAND HELD FOR PROPERTY DEVELOPMENT

|                                                  | The Group    |              |
|--------------------------------------------------|--------------|--------------|
|                                                  | 2015<br>RM   | 2014<br>RM   |
| <b>Freehold land</b>                             |              |              |
| At beginning of year                             | 245,514,620  | 218,988,321  |
| Additions                                        | 15,922,213   | 68,660,525   |
| Transfer to property development costs (Note 20) | (6,868,923)  | (42,134,226) |
| At end of year                                   | 254,567,910  | 245,514,620  |
| <b>Leasehold land</b>                            |              |              |
| At beginning of year                             | 134,946,604  | 140,140,863  |
| Additions                                        | 46,699,012   | 118,560      |
| Transfer to property development costs (Note 20) | (63,690,492) | (5,312,819)  |
| At end of year                                   | 117,955,124  | 134,946,604  |
| <b>Total land</b>                                | 372,523,034  | 380,461,224  |
| <b>Development costs</b>                         |              |              |
| At beginning of year                             | 136,617,912  | 81,913,473   |
| Additions                                        | 83,022,258   | 75,698,770   |
| Disposal                                         | (4,032)      | (5,687)      |
| Transfer to property development costs (Note 20) | (32,635,034) | (20,988,644) |
| At end of year                                   | 187,001,104  | 136,617,912  |
| <b>Total land and development costs</b>          | 559,524,138  | 517,079,136  |
| <b>Less : Accumulated impairment loss</b>        |              |              |
| At beginning and end of year                     | (6,284,988)  | (6,284,988)  |
|                                                  | 553,239,150  | 510,794,148  |

## 17. LAND HELD FOR PROPERTY DEVELOPMENT (continued)

Included in land held for property development are:

- (i) titles of freehold land amounting to RM86,933,869 (2014: RM86,933,869) which have been deposited with a financial institution for term loan and revolving credit facilities granted to a subsidiary as disclosed in Note 27;
- (ii) freehold land amounting to RM82,179,263 (2014: RM52,654,078) which have been pledged for term loan facilities granted to certain subsidiaries as disclosed in Note 27; and
- (iii) leasehold land amounting to RM28,564,519 (2014: RM62,120,053) represent entitlements of the landowners pursuant to joint land development agreements to undertake property development projects. The titles to the development land will be transferred from landowners to the property purchasers.

## 18. DEFERRED TAX ASSETS AND LIABILITIES

|                                          | The Group    |              | The Company |            |
|------------------------------------------|--------------|--------------|-------------|------------|
|                                          | 2015<br>RM   | 2014<br>RM   | 2015<br>RM  | 2014<br>RM |
| <b>Deferred tax assets</b>               |              |              |             |            |
| At beginning of year                     | 20,552,213   | 29,947,743   | 744,900     | 777,500    |
| Recognised in profit or loss             | 15,402,617   | (9,262,295)  | (1,200)     | (32,600)   |
| Recognised in other comprehensive income | (1,663,394)  | -            | (67,870)    | -          |
| Effect of movements in exchange rate     | 445,075      | (133,235)    | -           | -          |
| At end of year                           | 34,736,511   | 20,552,213   | 675,830     | 744,900    |
| <b>Deferred tax liabilities</b>          |              |              |             |            |
| At beginning of year                     | (49,829,031) | (49,699,178) | -           | -          |
| Recognised in profit or loss             | 4,674,736    | (330,427)    | -           | -          |
| Recognised in other comprehensive income | (1,197,856)  | -            | -           | -          |
| Effect of movements in exchange rate     | (1,003,389)  | 200,574      | -           | -          |
| At end of year                           | (47,355,540) | (49,829,031) | -           | -          |
| Total                                    | (12,619,029) | (29,276,818) | 675,830     | 744,900    |

## 18. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Deferred tax assets and liabilities are attributable to the following:

|                                                           | The Group    |              | The Company |            |
|-----------------------------------------------------------|--------------|--------------|-------------|------------|
|                                                           | 2015<br>RM   | 2014<br>RM   | 2015<br>RM  | 2014<br>RM |
| <b>Deferred tax assets</b>                                |              |              |             |            |
| Deductible temporary differences arising from:            |              |              |             |            |
| Property, plant and equipment                             | (300,686)    | (39,936)     | 9,860       | 11,060     |
| Biological assets                                         | (7,122,304)  | (6,310,321)  | -           | -          |
| Property development costs                                | 22,760,252   | 12,044,100   | -           | -          |
| Receivables and deposits                                  | 3,029,949    | 2,473,230    | -           | -          |
| Payables and accruals                                     | 4,342,353    | 2,527,200    | -           | -          |
| Provisions                                                | 4,702,900    | 4,397,500    | 737,800     | 737,800    |
| Revaluation surplus of land and buildings                 | (1,667,354)  | (3,960)      | (71,830)    | (3,960)    |
| Fair value adjustment in respect of investment properties | (377,000)    | -            | -           | -          |
| Fair value adjustment in respect of subsidiaries acquired | (3,952,200)  | (4,246,200)  | -           | -          |
| Unused tax losses                                         | 13,319,701   | 9,709,000    | -           | -          |
| Unabsorbed capital allowances                             | 900          | 1,600        | -           | -          |
|                                                           | 34,736,511   | 20,552,213   | 675,830     | 744,900    |
| <b>Deferred tax liabilities</b>                           |              |              |             |            |
| Taxable temporary differences arising from:               |              |              |             |            |
| Property, plant and equipment                             | (2,330,299)  | (2,246,046)  | -           | -          |
| Investment properties                                     | (2,423,606)  | (2,423,600)  | -           | -          |
| Property development costs                                | 1,655,309    | 1,439,700    | -           | -          |
| Receivables and deposits                                  | 231,100      | 250,000      | -           | -          |
| Payables and accruals                                     | 2,700        | (656,200)    | -           | -          |
| Provisions                                                | -            | 305,400      | -           | -          |
| Surplus arising from revaluation of land and buildings    | (5,824,171)  | (3,622,926)  | -           | -          |
| Fair value adjustment in respect of investment properties | (7,076,865)  | (6,729,059)  | -           | -          |
| Fair value adjustment in respect of subsidiaries acquired | (31,589,708) | (36,159,900) | -           | -          |
| Unused tax losses                                         | -            | 13,600       | -           | -          |
|                                                           | (47,355,540) | (49,829,031) | -           | -          |

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

NOTES TO THE  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**19. RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|                                             | Note | The Group   |             | The Company |             |
|---------------------------------------------|------|-------------|-------------|-------------|-------------|
|                                             |      | 2015<br>RM  | 2014<br>RM  | 2015<br>RM  | 2014<br>RM  |
| <b>Non-current</b>                          |      |             |             |             |             |
| <b>Trade</b>                                |      |             |             |             |             |
| Loan receivables                            | (a)  | 256,236     | 492,276     | -           | -           |
| <b>Non-trade</b>                            |      |             |             |             |             |
| Amount due from subsidiaries                | (e)  | -           | -           | 175,282,193 | 126,006,540 |
| Less : Allowance for impairment loss        |      | -           | -           | (178,000)   | (178,000)   |
| Other receivables                           | (b)  | -           | -           | 175,104,193 | 125,828,540 |
|                                             |      | 2,367,964   | 2,031,531   | -           | -           |
| <b>Current</b>                              |      |             |             |             |             |
| <b>Trade</b>                                |      |             |             |             |             |
| Trade receivables                           |      | 138,780,751 | 110,404,230 | -           | -           |
| Less : Allowance for impairment loss        |      | (884,353)   | (892,027)   | -           | -           |
| Finance lease receivables                   | (c)  | 137,896,398 | 109,512,203 | -           | -           |
| Loan receivables                            | (d)  | 884         | 874         | -           | -           |
|                                             | (a)  | 147,961     | 120,842     | -           | -           |
|                                             |      | 138,045,243 | 109,633,919 | -           | -           |
| <b>Non-trade</b>                            |      |             |             |             |             |
| Amount due from subsidiaries                | (e)  | -           | -           | 2,588,457   | 1,394,936   |
| Other receivables                           | (f)  | 24,751,686  | 8,362,583   | 55,955      | 61,555      |
| Less : Allowance for impairment loss        |      | (3,691,676) | (3,491,203) | (55,955)    | (61,555)    |
| Deposits for development land acquisition   |      | 21,060,010  | 4,871,380   | -           | -           |
| Joint venture deposits for land development | (g)  | 100,000     | 100,000     | -           | -           |
| Other deposits                              | (h)  | 38,166,716  | 21,050,443  | -           | -           |
| Prepayments                                 | (i)  | 23,026,001  | 12,439,057  | 58,020      | 326,000     |
|                                             |      | 15,313,386  | 8,793,844   | -           | -           |
|                                             |      | 235,711,356 | 156,888,643 | 2,646,477   | 1,720,936   |

## 19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

### (a) Loan receivables

|                                       | <b>The Group</b>   |                    |
|---------------------------------------|--------------------|--------------------|
|                                       | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Term loan (business)                  | 400,465            | 609,386            |
| Other loan                            | 3,732              | 3,732              |
| Gross outstanding                     | 404,197            | 613,118            |
| Less : Allowance for impairment loss: |                    |                    |
| At beginning of year                  | -                  | (323,595)          |
| Written off                           | -                  | 203,995            |
| No longer required                    | -                  | 119,600            |
| At end of year                        | -                  | -                  |
|                                       | 404,197            | 613,118            |

The maturity profile of loan receivables, net of allowance for impairment loss, is as follows:

|                                                     | <b>Term loan<br/>RM</b> | <b>Other loan<br/>RM</b> | <b>Total<br/>RM</b> |
|-----------------------------------------------------|-------------------------|--------------------------|---------------------|
| <b>2015</b>                                         |                         |                          |                     |
| <b>Fixed rate instruments</b>                       |                         |                          |                     |
| Receivable within 1 year                            | 144,229                 | 3,732                    | 147,961             |
| Receivable after 1 year but not later than 2 years  | 90,172                  | -                        | 90,172              |
| Receivable after 2 years but not later than 3 years | 65,181                  | -                        | 65,181              |
| Receivable after 3 years but not later than 4 years | 100,883                 | -                        | 100,883             |
|                                                     | 400,465                 | 3,732                    | 404,197             |
| <b>2014</b>                                         |                         |                          |                     |
| <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             |

## 19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

### (a) Loan receivables (continued)

The loan receivables bear effective interest at rates ranging from 5.0% to 12.0% (2014: 5.0% to 12.0%) per annum.

- (b) This is in respect of an amount due from Plasma Farmers Cooperative in Indonesia. In accordance with the 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 not within one year.

### (c) Trade receivables

#### (i) Credit term of trade receivables

The Group's normal trade credit term ranges from 7 to 90 days (2014: 7 to 90 days).

- (ii) The ageing analysis of the Group's trade receivables is as follows:

|                                         | The Group             |                       |
|-----------------------------------------|-----------------------|-----------------------|
|                                         | 2015<br>RM            | 2014<br>RM            |
| Neither past due nor impaired           | 102,521,088           | 77,844,310            |
| 1 to 30 days past due not impaired      | 16,930,604            | 16,191,057            |
| 31 to 60 days past due not impaired     | 6,171,118             | 5,426,089             |
| 61 to 90 days past due not impaired     | 2,948,594             | 4,197,604             |
| More than 90 days past due not impaired | 9,324,994             | 5,853,143             |
| Past due and impaired                   | 35,375,310<br>884,353 | 31,667,893<br>892,027 |
|                                         | 138,780,751           | 110,404,230           |

#### 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 RM35,375,310 (2014: RM31,667,893) 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.



## 19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

### (c) Trade receivables (continued)

#### Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

|                      | <b>The Group</b>   |                    |
|----------------------|--------------------|--------------------|
|                      | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| At beginning of year | 892,027            | 863,306            |
| Addition             | 97,158             | 51,305             |
| No longer required   | (104,832)          | (22,584)           |
| At end of year       | 884,353            | 892,027            |

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.

(iii) Included in trade receivables of the Group are:

- (a) retention sums amounting to RM30,365,837 (2014: RM16,423,261) held by stakeholders;
- (b) amounts of RM202,205 (2014: RM65,800) due from key management personnel of the Group in respect of purchase of development properties of the Group which include retention sum of RM117,605 (2014: RM65,800) held by stakeholders;
- (c) amounts of RM694,972 (2014: RMNil) due from a corporate shareholder of a subsidiary in respect of purchase of development properties of the said subsidiary which include retention sum of RM694,972 (2014 : RMNil) held by stakeholders;
- (d) amount of RM1,245,125 (2014: RM93,250) 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 RM46,635 (2014: RM93,250) held by stakeholders;
- (e) amount of RM67,700 (2014: RM64,100) due from a director of the Company in respect of purchase of development properties of the Group which include retention sum of RM67,700 (2014: RMNil) held by stakeholders; and
- (f) amount of RM18,625 (2014: RM120,000) due from a person connected to certain directors of the Company in respect of purchase of development properties of the Group which include retention sum of RM18,625 (2014 : RMNil) held by stakeholders.

**19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)**

(d) Finance lease receivables

|                                                    | <b>The Group</b>   |                    |
|----------------------------------------------------|--------------------|--------------------|
|                                                    | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| <b>Receivable within 1 year</b>                    |                    |                    |
| Gross investment in finance lease receivables      | 1,110,415          | 1,111,415          |
| Less : Unearned finance income                     | (88,873)           | (88,921)           |
| Present value of minimum lease payment receivables | 1,021,542          | 1,022,494          |
| Less : Allowance for impairment loss               |                    |                    |
| At beginning of year                               | (1,021,620)        | (1,023,534)        |
| No longer required                                 | 962                | 1,914              |
| At end of year                                     | (1,020,658)        | (1,021,620)        |
|                                                    | 884                | 874                |

The finance lease receivables bear effective interest at rate of 8.15% (2014: 8.15%) per annum.

The maturity profile of finance lease receivables is as follows:

|                              | <b>The Group</b>   |                    |
|------------------------------|--------------------|--------------------|
|                              | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| <b>Fixed rate instrument</b> |                    |                    |
| Receivable within 1 year     | 884                | 874                |

(e) Included are unsecured amounts of:

- (i) RM175,282,193 (2014: RM126,006,540) which bears interest at a rate of 5.85% (2014: 5.85%) per annum and is not expected to be settled within the next 12 months; and
- (ii) RM2,588,457 (2014: RM1,394,936) which is interest-free and repayable on demand.

(f) Included in other receivables of the Group are:

- (i) an amount of RM3,595,868 (2014: RM960,103) being indirect taxes paid in advance to tax authorities; and
- (ii) an amount of RM6,198,415 (2014: RMNil) paid to Trustee accounts for joint development of infrastructure projects with other developers.

## 19. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(f) Included in other receivables of the Group are: (continued)

The movement of allowance account used to record the impairment of other receivables is as follows:

|                      | The Group  |            | The Company |            |
|----------------------|------------|------------|-------------|------------|
|                      | 2015<br>RM | 2014<br>RM | 2015<br>RM  | 2014<br>RM |
| At beginning of year | 3,491,203  | 3,713,443  | 61,555      | 66,755     |
| Additions            | 339,200    | 13,384     | -           | 3,800      |
| No longer required   | (138,727)  | (235,624)  | (5,600)     | (9,000)    |
| At end of year       | 3,691,676  | 3,491,203  | 55,955      | 61,555     |

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 are amounts of:

- (i) RM9,158,380 (2014: RM9,002,758) paid to the relevant authorities for property development projects; and
- (ii) RM8,384,560 (2014: RMNil) paid for the acquisition of land for property development projects.

(i) Included in prepayments of the Group are amount of:

- (i) RM1,244,990 (2014: RM1,105,288) paid for the acquisition of land in Indonesia;
- (ii) RM4,152,999 (2014: RM1,369,845) 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; and
- (iii) RM3,630,795 (2014: RM110,494) preliminary costs incurred in respect of future property development projects.

## 20. PROPERTY DEVELOPMENT COSTS

|                                                                | The Group          |                    |
|----------------------------------------------------------------|--------------------|--------------------|
|                                                                | 2015<br>RM         | 2014<br>RM         |
| <b>At cost:</b>                                                |                    |                    |
| <b>Freehold land</b>                                           |                    |                    |
| At beginning of year                                           | 131,234,761        | 74,383,779         |
| Additions                                                      | 42,209,902         | 47,968,627         |
| Transfer from land held for property development (Note 17)     | 6,868,923          | 42,134,226         |
| Transfer to investment properties (Note 14)                    | -                  | (697,281)          |
| Transfer to inventories                                        | (11,215,746)       | (623,903)          |
| Adjustment on completion of projects                           | (46,362,340)       | (31,930,687)       |
| At end of year                                                 | 122,735,500        | 131,234,761        |
| <b>Leasehold land</b>                                          |                    |                    |
| At beginning of year                                           | 175,888,454        | 150,193,769        |
| Additions                                                      | 21,926,085         | 20,381,866         |
| Transfer from land held for property development (Note 17)     | 63,690,492         | 5,312,819          |
| Transfer to inventories                                        | (142,978)          | -                  |
| Adjustment on completion of projects                           | (11,406,811)       | -                  |
| At end of year                                                 | 249,955,242        | 175,888,454        |
| <b>Development costs</b>                                       |                    |                    |
| At beginning of year                                           | 483,180,689        | 361,785,067        |
| Additions                                                      | 440,193,845        | 289,436,349        |
| Transfer from land held for property development (Note 17)     | 32,635,034         | 20,988,644         |
| Transfer to investment properties (Note 14)                    | -                  | (5,585,193)        |
| Transfer to inventories                                        | (48,848,414)       | (4,700,188)        |
| Adjustment on completion of projects                           | (472,078,196)      | (178,743,990)      |
| At end of year                                                 | 435,082,958        | 483,180,689        |
| <b>Total land and development costs</b>                        | <b>807,773,700</b> | <b>790,303,904</b> |
| <b>Less : Costs recognised as an expense in profit or loss</b> |                    |                    |
| At beginning of year                                           | 444,290,818        | 308,617,920        |
| Additions                                                      | 455,375,358        | 346,347,575        |
| Adjustment on completion of projects                           | (529,847,347)      | (210,674,677)      |
| At end of year                                                 | 369,818,829        | 444,290,818        |
|                                                                | <b>437,954,871</b> | <b>346,013,086</b> |

Included in the above are:

- (i) interest on borrowing capitalised for the financial year amounting to RM1,193,770 (2014: RM2,533,076);

## 20. PROPERTY DEVELOPMENT COSTS (continued)

- (ii) titles of freehold land amounting to RM8,995,229 (2014 : RM8,995,229) which have been deposited with a financial institution for term loan and revolving credit facilities granted to certain subsidiaries as disclosed in Note 27;
- (iii) titles of leasehold land amounting to RM7,275,757 (2014 : RM7,275,757) which have been deposited with a financial institution for term loan and revolving credit facilities granted to a subsidiary as disclosed in Note 27;
- (iv) titles of freehold land amounting to RM25,846,685 (2014 : RM15,660,668) which have been pledged with a financial institution for term loan facility granted to a subsidiary as disclosed in Note 27; and
- (v) freehold and leasehold land amounting to RM138,118,962 (2014 : RM104,330,427) represent entitlements 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 property purchasers.

## 21. INVENTORIES

|                                  | The Group  |            |
|----------------------------------|------------|------------|
|                                  | 2015<br>RM | 2014<br>RM |
| <b>At cost:</b>                  |            |            |
| Raw materials                    | 892,176    | 747,632    |
| Work-in-progress                 | 609,901    | 261,668    |
| Finished goods                   | 1,186,186  | 1,391,176  |
| Food and beverages               | 20,750     | 21,070     |
| Plantation consumables           | 5,634,528  | 3,298,755  |
| Fertilizers                      | 6,521,851  | 2,355,075  |
| Crude palm oil and palm kernel   | 5,707,626  | 13,421,440 |
| Completed development properties | 48,095,126 | 16,632,474 |
|                                  | 68,668,144 | 38,129,290 |

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM250,050,062 (2014 : RM167,636,838).

## 22. CASH, BANK BALANCES, TERM DEPOSITS AND FIXED INCOME FUNDS

|                                                 | The Group   |             | The Company |            |
|-------------------------------------------------|-------------|-------------|-------------|------------|
|                                                 | 2015<br>RM  | 2014<br>RM  | 2015<br>RM  | 2014<br>RM |
| Deposits with licensed banks                    | 37,366,668  | 37,303,540  | -           | -          |
| Cash and bank balances                          | 87,689,366  | 78,986,843  | 405,509     | 1,016,517  |
| Cash held under housing<br>development accounts | 137,306,320 | 76,601,772  | -           | -          |
| Fixed income funds:                             |             |             |             |            |
| Redeemable at call                              | 6,711,990   | 3,188,022   | -           | -          |
| Redeemable upon 1 day notice                    | -           | 10,942      | -           | -          |
|                                                 | 269,074,344 | 196,091,119 | 405,509     | 1,016,517  |

## 22. CASH, BANK BALANCES, TERM DEPOSITS AND FIXED INCOME FUNDS (continued)

The deposits bear effective interest at rates ranging from 0.4% to 3.4% (2014 : 2.60% to 3.40%) per annum with maturity period ranging from 7 day to 365 days (2014 : 1 day to 365 days).

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 held under housing development accounts represent amounts placed in Housing Development Accounts ("HDA") in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 (Amended 2002). These HDA accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred. The surplus monies in these accounts, if any, will be released to the Group in accordance with the provisions of the Act.

The non-short term and highly liquid fixed deposits of RM16,687,195 (2014 : RM10,602,629) included in deposit with licensed banks have maturity period of more than 3 months.

Cash and cash equivalents held by the Group which are not freely available for general use are as follows:

- (i) deposits amounting to RM70,227 (2014 : RM568,553) pledged for bank guarantee facilities granted to a subsidiary;
- (ii) bank balances of RM9,595,644 (2014 : RM8,574,873) pledged as restricted fund held as security for the credit facilities as disclosed in Note 27; and
- (iii) deposit and bank balances of RM15,559 (2014 : RM9,892) held under sinking fund account for the recreational club.

## 23. SHARE CAPITAL

|                                 | The Group and The Company |               |               |               |
|---------------------------------|---------------------------|---------------|---------------|---------------|
|                                 | Number of shares          |               | Amount        |               |
|                                 | 2015                      | 2014          | 2015<br>RM    | 2014<br>RM    |
| <b>Authorised:</b>              |                           |               |               |               |
| Ordinary shares of RM1 each:    |                           |               |               |               |
| At beginning and end of year    | 1,000,000,000             | 1,000,000,000 | 1,000,000,000 | 1,000,000,000 |
| <b>Issued and fully paid:</b>   |                           |               |               |               |
| Ordinary shares of RM1 each:    |                           |               |               |               |
| At beginning of year            | 419,393,607               | 349,253,322   | 419,393,607   | 349,253,322   |
| Issuance of shares pursuant to: |                           |               |               |               |
| Bonus issue                     | -                         | 69,898,293    | -             | 69,898,293    |
| Warrants                        | 13,677                    | 241,992       | 13,677        | 241,992       |
| At end of year                  | 419,407,284               | 419,393,607   | 419,407,284   | 419,393,607   |



## 23. SHARE CAPITAL (continued)

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 RM419,393,607 to RM419,407,284 by way of exercise of 13,677 warrants for 13,677 new ordinary shares of RM1 each at an exercise price of RM1.89 per share.

The new ordinary shares issued rank *pari passu* in all respects with the existing shares of the Company.

## 24. RESERVES

|                          | The Group   |             | The Company |             |
|--------------------------|-------------|-------------|-------------|-------------|
|                          | 2015<br>RM  | 2014<br>RM  | 2015<br>RM  | 2014<br>RM  |
| <b>Non-distributable</b> |             |             |             |             |
| Share premium            | 15,929      | 593         | 15,929      | 593         |
| Translation reserve      | 2,239,435   | (1,145,422) | -           | -           |
| Revaluation reserve      | 23,533,537  | 12,100,372  | 646,907     | 12,375      |
| Warrant reserve          | 8,009,022   | 8,012,186   | 8,009,022   | 8,012,186   |
|                          | 33,797,923  | 18,967,729  | 8,671,858   | 8,025,154   |
| <b>Distributable</b>     |             |             |             |             |
| Retained earnings        | 651,447,825 | 596,144,104 | 375,117,283 | 374,310,322 |
|                          | 685,245,748 | 615,111,833 | 383,789,141 | 382,335,476 |

### 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 land and buildings.

### 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.

## 24. RESERVES (continued)

### Warrant reserve (continued)

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 from 31 December 2012 to 30 December 2017 ("exercise period"). 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 pursuant to the bonus issue on 20 May 2014.

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

|                    | Number of warrants   |           |                         |
|--------------------|----------------------|-----------|-------------------------|
|                    | At<br>1 October 2014 | Exercised | At<br>30 September 2015 |
| Number of warrants | 34,633,817           | (13,677)  | 34,620,140              |

The weighted average quoted price of shares of the Company at the time when the warrants were exercised was RM2.92 (2014 : RM4.08).

### Retained earnings

Distributable reserves are those available for distribution as dividends. The entire retained earnings of the Company are available to be distributed as single tier dividends to the shareholders of the Company.

## 25. PROVISIONS

|                                                    | Post-employment<br>benefit obligations<br>RM | Retirement<br>gratuity<br>RM | Rectification<br>works<br>RM | Total<br>RM |
|----------------------------------------------------|----------------------------------------------|------------------------------|------------------------------|-------------|
| <b>The Group</b>                                   |                                              |                              |                              |             |
| <b>2015</b>                                        |                                              |                              |                              |             |
| At beginning of year                               | 4,712,561                                    | 19,595,520                   | -                            | 24,308,081  |
| Provision during the financial year                | 3,067,640                                    | -                            | -                            | 3,067,640   |
| Incurred during the financial year                 | (309,090)                                    | -                            | -                            | (309,090)   |
| Remeasurement gains on defined benefit plans:      |                                              |                              |                              |             |
| Actuarial gain arising from experience adjustments | (1,994,516)                                  | -                            | -                            | (1,994,516) |
| Effect of movements in exchange rate               | 834,134                                      | -                            | -                            | 834,134     |
| At end of year                                     | 6,310,729                                    | 19,595,520                   | -                            | 25,906,249  |
| <b>2014</b>                                        |                                              |                              |                              |             |
| At beginning of year                               | 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) |
| Remeasurement 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 end of year                                     | 4,712,561                                    | 19,595,520                   | -                            | 24,308,081  |
| <b>The Company</b>                                 |                                              |                              |                              |             |
| <b>2015</b>                                        |                                              |                              |                              |             |
| At beginning and end of year                       | -                                            | 3,074,400                    | -                            | 3,074,400   |
| <b>2014</b>                                        |                                              |                              |                              |             |
| At beginning and end of year                       | -                                            | 3,074,400                    | -                            | 3,074,400   |

## 25. PROVISIONS (continued)

The above provisions are classified as follows:

|                    | Post-employment<br>benefit obligations<br>RM | Retirement<br>gratuity<br>RM | Rectification<br>works<br>RM | Total<br>RM |
|--------------------|----------------------------------------------|------------------------------|------------------------------|-------------|
| <b>The Group</b>   |                                              |                              |                              |             |
| <b>2015</b>        |                                              |                              |                              |             |
| Non-current        | 6,310,729                                    | -                            | -                            | 6,310,729   |
| Current            | -                                            | 19,595,520                   | -                            | 19,595,520  |
|                    | 6,310,729                                    | 19,595,520                   | -                            | 25,906,249  |
| <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>The Company</b> |                                              |                              |                              |             |
| <b>2015</b>        |                                              |                              |                              |             |
| Current            | -                                            | 3,074,400                    | -                            | 3,074,400   |
| <b>2014</b>        |                                              |                              |                              |             |
| Current            | -                                            | 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:

|                              | The Group  |            |
|------------------------------|------------|------------|
|                              | 2015<br>RM | 2014<br>RM |
| Present value of obligations | 6,310,729  | 4,712,561  |

## 25. PROVISIONS (continued)

### (a) Post-employment benefit obligations (continued)

Movement in the present value of unfunded defined benefit scheme in the current financial year are as follows:

|                                                | <b>The Group</b>   |                    |
|------------------------------------------------|--------------------|--------------------|
|                                                | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| At beginning of year                           | 4,712,561          | 3,102,423          |
| Amounts recognised in profit or loss (Note 6): |                    |                    |
| Current service costs                          | 2,652,681          | 1,967,292          |
| Interest on obligation                         | 414,959            | 214,117            |
|                                                | 3,067,640          | 2,181,409          |
| Amounts recognised other comprehensive income: |                    |                    |
| Remeasurement gains                            | (1,994,516)        | (338,485)          |
| Benefit paid                                   | (309,090)          | (118,169)          |
| Effect of movements in exchange rates          | 834,134            | (114,617)          |
| At end of year                                 | 6,310,729          | 4,712,561          |

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:

|                        | <b>The Group</b>                                                   |                                                                    |
|------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|
|                        | <b>2015</b>                                                        | <b>2014</b>                                                        |
| Discount rate          | 9.75%                                                              | 8.75%                                                              |
| Future salary increase | 10%                                                                | 10%                                                                |
| Mortality rate         | 100% TM13                                                          | 100% TM13                                                          |
| Resignation rate       | 9% until age of 32 then<br>decrease linearly to 0% at<br>age of 55 | 4% until age of 30 then<br>decrease linearly to 0% at<br>age of 55 |
| Disability             | 5% of mortality rate                                               | 5% of mortality rate                                               |
| Normal retirement age  | 55                                                                 | 55                                                                 |

## 25. PROVISIONS (continued)

### (a) Post-employment benefit obligations (continued)

#### Sensitivity analysis

The sensitivity analysis below has been determined based on reasonably possible changes in the discount rate and future salary increase occurring at the reporting date, while holding all other assumptions constant.

|                              | The Group<br>Increase / (Decrease)<br>in profit |            |
|------------------------------|-------------------------------------------------|------------|
|                              | 2015<br>RM                                      | 2014<br>RM |
| Discount rate increase by 1% | (632,837)                                       | (634,920)  |
| Discount rate decrease by 1% | 752,173                                         | 792,459    |
| Future salary increase by 1% | 784,533                                         | 814,324    |
| Future salary decrease by 1% | (668,931)                                       | (662,989)  |

The sensitivity analysis presented above has been determined using deterministic method and may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

At 30 September 2015, the weighted-average duration of the defined benefit obligation was 10.13 years (2014 : 15.68 years).

The following benefit payments, which reflect the expected future service, as appropriate are expected to be paid:

|                       | The Group  |            |
|-----------------------|------------|------------|
|                       | 2015<br>RM | 2014<br>RM |
| Within 1 year         | 419,721    | 286,919    |
| Between 2 and 5 years | 3,856,149  | 992,185    |
| After 5 years         | 13,170,814 | 6,939,951  |
|                       | 17,446,684 | 8,219,055  |

### (b) Retirement gratuity

Provision for retirement gratuity are for certain eligible directors. The details of the retirement gratuity scheme are disclosed in Note 3(f)(iii).

### (c) Rectification works

This is in respect of rectification works on completed property development projects.



## 26. PAYABLES AND ACCRUALS

|                                                            |      | The Group   |             | The Company |            |
|------------------------------------------------------------|------|-------------|-------------|-------------|------------|
|                                                            | Note | 2015<br>RM  | 2014<br>RM  | 2015<br>RM  | 2014<br>RM |
| <b>Non-current</b>                                         |      |             |             |             |            |
| Landowners' entitlement                                    | (a)  | 107,483,022 | 105,217,002 | -           | -          |
| Retention sum payable to subcontractors<br>after one year  |      | 29,024,095  | 16,852,223  | -           | -          |
|                                                            |      | 136,507,117 | 122,069,225 | -           | -          |
| <b>Current</b>                                             |      |             |             |             |            |
| <b>Trade</b>                                               |      |             |             |             |            |
| Trade payables                                             | (b)  | 246,698,344 | 144,713,827 | -           | -          |
| Landowners' entitlement                                    | (a)  | 44,576,354  | 34,100,797  | -           | -          |
| Retention sum payable to<br>subcontractors within one year |      | 23,439,020  | 24,730,758  | -           | -          |
| <b>Non-trade</b>                                           |      |             |             |             |            |
| Amount due to subsidiaries                                 | (c)  | -           | -           | 12,810      | 25,241     |
| Other payables                                             |      | 22,729,011  | 13,855,232  | 9,310       | 4,996      |
| Deposits received                                          | (d)  | 10,447,118  | 9,959,491   | -           | -          |
| Advances from customers                                    | (e)  | 116,984     | 5,185,281   | -           | -          |
| Accruals                                                   | (f)  | 29,365,408  | 12,098,529  | 756,744     | 309,192    |
|                                                            |      | 377,372,239 | 244,643,915 | 778,864     | 339,429    |

- (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 projects. These deferred payables are measured at amortised cost at imputed interest rates ranging from 5.15% to 10.00% (2014 : 5.15% to 10.00%) per annum.
- (b) The normal trade credit term granted to the Group ranges from 7 to 90 days (2014 : 7 to 90 days) unless as specified in the agreements.
- (c) Amount due to subsidiaries of the Company is unsecured, interest-free and repayable on demand.
- (d) Included in deposits received of the Group are rental, utilities and other deposits received of RM8,661,595 (2014 : RM8,509,988) from tenants.
- (e) Included in advances from customers of the Group are downpayments of RM116,984 (2014 : RM5,185,281) from purchasers of crude palm oil and palm kernel.
- (f) Included in accruals are accrued legal fees and professional fees totalling RM18,135,046 (2014 : RM4,487,405) in respect of on-going property development projects.

NOTES TO THE  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**27. LOANS AND BORROWINGS**

|                           | The Group   |             | The Company |            |
|---------------------------|-------------|-------------|-------------|------------|
|                           | 2015<br>RM  | 2014<br>RM  | 2015<br>RM  | 2014<br>RM |
| <b>Non-current</b>        |             |             |             |            |
| Term loans                |             |             |             |            |
| Secured:                  |             |             |             |            |
| RM                        | 122,304,894 | 110,042,698 | -           | -          |
| United States Dollar      | 288,025,636 | 267,869,647 | -           | -          |
| Revolving credits         |             |             |             |            |
| Secured:                  |             |             |             |            |
| RM                        | 101,749,458 | 33,393,439  | -           | -          |
| Unsecured:                |             |             |             |            |
| RM                        | -           | 2,250,000   | -           | -          |
| Finance lease liabilities |             |             |             |            |
| RM                        | 2,325,369   | 1,559,488   | -           | -          |
| Indonesian Rupiah         | 41,278      | 626,722     | -           | -          |
|                           | 514,446,635 | 415,741,994 | -           | -          |
| <b>Current</b>            |             |             |             |            |
| Term loans                |             |             |             |            |
| Secured:                  |             |             |             |            |
| RM                        | 9,251,997   | 16,001,234  | -           | -          |
| United States Dollar      | 38,459,768  | 10,177,453  | -           | -          |
| Unsecured:                |             |             |             |            |
| RM                        | 15,000,000  | 2,937,014   | -           | -          |
| Bridging loan             |             |             |             |            |
| Secured:                  |             |             |             |            |
| RM                        | -           | 9,212,563   | -           | -          |
| Revolving credits         |             |             |             |            |
| Secured:                  |             |             |             |            |
| RM                        | 136,608,560 | 126,450,018 | -           | -          |
| Unsecured:                |             |             |             |            |
| RM                        | 69,500,000  | 25,250,000  | 50,000,000  | 5,000,000  |
| Bank overdrafts           |             |             |             |            |
| Secured:                  |             |             |             |            |
| RM                        | 8,059,524   | 730,500     | -           | -          |
| Unsecured:                |             |             |             |            |
| RM                        | 8,486,562   | -           | 3,460,660   | -          |
| Finance lease liabilities |             |             |             |            |
| RM                        | 907,000     | 679,239     | -           | -          |
| Indonesian Rupiah         | 664,658     | 629,958     | -           | -          |
|                           | 286,938,069 | 192,067,979 | 53,460,660  | 5,000,000  |
|                           | 801,384,704 | 607,809,973 | 53,460,660  | 5,000,000  |

## 27. LOANS AND BORROWINGS (continued)

The maturity profile of loans and borrowings of the Group is as follows:

| The Group<br>2015                | Carrying<br>amount<br>RM | Within<br>1 year<br>RM | 1-2 years<br>RM | 2-3 years<br>RM | 3-4 years<br>RM | 4-5 years<br>RM | More than<br>5 years<br>RM |
|----------------------------------|--------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|----------------------------|
| <b>Fixed rate instrument</b>     |                          |                        |                 |                 |                 |                 |                            |
| Finance lease liabilities        |                          |                        |                 |                 |                 |                 |                            |
| RM                               | 3,232,369                | 907,000                | 745,299         | 727,485         | 575,861         | 276,724         | -                          |
| Indonesian Rupiah                | 705,936                  | 664,658                | 41,278          | -               | -               | -               | -                          |
|                                  | 3,938,305                | 1,571,658              | 786,577         | 727,485         | 575,861         | 276,724         | -                          |
| <b>Floating rate instruments</b> |                          |                        |                 |                 |                 |                 |                            |
| Term loans                       |                          |                        |                 |                 |                 |                 |                            |
| Secured:                         |                          |                        |                 |                 |                 |                 |                            |
| RM                               | 131,556,891              | 9,251,997              | 24,416,000      | 24,887,560      | 38,983,500      | 21,613,470      | 12,404,364                 |
| United States Dollar             | 326,485,404              | 38,459,768             | 88,499,147      | 88,607,114      | 94,270,887      | 16,648,488      | -                          |
| Unsecured:                       |                          |                        |                 |                 |                 |                 |                            |
| RM                               | 15,000,000               | 15,000,000             | -               | -               | -               | -               | -                          |
| Revolving credits                |                          |                        |                 |                 |                 |                 |                            |
| Secured:                         |                          |                        |                 |                 |                 |                 |                            |
| RM                               | 238,358,018              | 136,608,560            | 18,272,180      | 33,848,051      | 26,996,227      | 22,000,000      | 633,000                    |
| Unsecured:                       |                          |                        |                 |                 |                 |                 |                            |
| RM                               | 69,500,000               | 69,500,000             | -               | -               | -               | -               | -                          |
| Bank overdrafts                  |                          |                        |                 |                 |                 |                 |                            |
| Secured:                         |                          |                        |                 |                 |                 |                 |                            |
| RM                               | 8,059,524                | 8,059,524              | -               | -               | -               | -               | -                          |
| Unsecured:                       |                          |                        |                 |                 |                 |                 |                            |
| RM                               | 8,486,562                | 8,486,562              | -               | -               | -               | -               | -                          |
|                                  | 797,446,399              | 285,366,411            | 131,187,327     | 147,342,725     | 160,250,614     | 60,261,958      | 13,037,364                 |
|                                  | 801,384,704              | 286,938,069            | 131,973,904     | 148,070,210     | 160,826,475     | 60,538,682      | 13,037,364                 |

27. LOANS AND BORROWINGS (continued)

| The Group<br>2014                | Carrying<br>amount<br>RM | Within<br>1 year<br>RM | 1-2 years<br>RM | 2-3 years<br>RM | 3-4 years<br>RM | 4-5 years<br>RM | More than<br>5 years<br>RM |
|----------------------------------|--------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|----------------------------|
| <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:                         |                          |                        |                 |                 |                 |                 |                            |
| RM                               | 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                 |
|                                  | 6,07,809,973             | 192,067,979            | 84,846,379      | 98,691,184      | 100,141,313     | 96,767,129      | 35,295,989                 |

## 27. LOANS AND BORROWINGS (continued)

| The Company                      | Carrying amount<br>RM | Within 1 year<br>RM | 1-2 years<br>RM | 2-3 years<br>RM | 3-4 years<br>RM | 4-5 years<br>RM | More than 5 years<br>RM |
|----------------------------------|-----------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-------------------------|
| <b>2015</b>                      |                       |                     |                 |                 |                 |                 |                         |
| <b>Floating rate instruments</b> |                       |                     |                 |                 |                 |                 |                         |
| Revolving credits                |                       |                     |                 |                 |                 |                 |                         |
| Unsecured:                       |                       |                     |                 |                 |                 |                 |                         |
| RM                               | 50,000,000            | 50,000,000          | -               | -               | -               | -               | -                       |
| Bank overdraft                   |                       |                     |                 |                 |                 |                 |                         |
| Unsecured:                       |                       |                     |                 |                 |                 |                 |                         |
| RM                               | 3,460,660             | 3,460,660           | -               | -               | -               | -               | -                       |
|                                  | 53,460,660            | 53,460,660          | -               | -               | -               | -               | -                       |
| <b>2014</b>                      |                       |                     |                 |                 |                 |                 |                         |
| <b>Floating rate instruments</b> |                       |                     |                 |                 |                 |                 |                         |
| Revolving credits                |                       |                     |                 |                 |                 |                 |                         |
| Unsecured:                       |                       |                     |                 |                 |                 |                 |                         |
| RM                               | 5,000,000             | 5,000,000           | -               | -               | -               | -               | -                       |

## Finance lease liabilities

Finance lease liabilities are payable as follows:

|                            | 2015                                |                                               | 2014                                |                                               |
|----------------------------|-------------------------------------|-----------------------------------------------|-------------------------------------|-----------------------------------------------|
| The Group                  | Future minimum lease payments<br>RM | Present value of minimum lease payments<br>RM | Future minimum lease payments<br>RM | Present value of minimum lease payments<br>RM |
| Less than one year         | 1,759,575                           | 1,571,658                                     | 1,550,651                           | 1,309,197                                     |
| Between one and five years | 2,543,178                           | 2,366,647                                     | 2,347,546                           | 2,186,210                                     |
|                            | 4,302,753                           | 3,938,305                                     | 3,898,197                           | 3,495,407                                     |

## 27. LOANS AND BORROWINGS (continued)

The finance lease liabilities bear effective interest at rates ranging from 2.40% to 16.00% (2014 : 4.28% to 16.00%) per annum.

The term loans, bridging loan and revolving credits bear effective interest at rates ranging from 3.80% to 7.35% (2014 : 4.00% to 7.35%) per annum.

The bank overdrafts bear effective interest at rates ranging from 6.85% to 8.10% (2014 : 6.85% to 8.10%) per annum. **Unsecured bank overdrafts** are supported by corporate guarantee of the Group and of the Company.

**Term loan I** of RM2,275,000 (2014 : RM3,575,000) 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 RM3,269,882 (2014: RM13,363,182) is repayable by 24 quarterly principal instalments of RM2,375,000 each over 8 1/2 years commencing from the first day of the 34th month following the date of the first drawdown or payment by way of redemption, whichever is earlier. **Term loan III** of RM7,465,289 (2014: RM5,000,000) 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 years commencing on the first day of the 33rd month following the date of first drawdown or payment by way of redemption whichever is earlier. **Secured revolving credit I** of RM39,744,000 (2014: RM39,744,000) is part of the total revolving credit of RM50,000,000 which is repayable on demand. **Secured revolving credit II** of RM66,633,000 (2014 : RM5,323,000) 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 years commencing on the first day of the 42nd 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.



## 27. LOANS AND BORROWINGS (continued)

**Term loan IV** of RM326,485,404 (2014 : RM278,047,100) is repayable in 20 quarterly principal instalments commencing 27th 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 V** of RM1,830,085 (2014 : RM2,362,121) 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.

**Term loan VI** of RM5,227,596 (2014 : RM6,779,257) is repayable in 19 quarterly principal instalments of RM471,076 each and final instalments to be calculated and advised by the bank commencing on 4th month after the first drawdown.

**Secured revolving credit III** RM23,000,000 (2014 : 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;

**27. LOANS AND BORROWINGS (continued)**

- (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 VII** of RM4,809,160 (2014 : RM4,880,240) is repayable in 300 monthly principal instalment of RM27,543 each, commencing November 2015 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.

**Bridging loan I** of RMNil (2014: RM6,987,685) 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 IV** of RMNil (2014 : 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 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.

**Term loan VIII** of RM11,861,274 (2014: RM14,261,274) is repayable by 84 monthly principal instalments commencing 19th month from the date of first drawdown or on 1 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.

## 27. LOANS AND BORROWINGS (continued)

**Term loan IX** of RM34,994,304 (2014 : RM35,000,000) 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 X** of RMNil (2014 : RM5,065,449) 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.

**Term loan XI** of RM17,537,481 (2014 : RM21,022,481) 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 39th month from the date of first reimbursement or payment by way of redemption whichever is earlier. **Term loan XII** of RM34,299,820 (2014 : RM14,734,928) 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 39th 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 XIII** of RM7,987,000 (2014: RMNil) is repayable by 48 monthly instalments commencing from the 4th year following to the date of the first drawdown or payment by way of redemption, whichever is earlier and is secured and supported as follows:

- (a) specific debentures by way of fixed and floating charge for all present and future assets of the project;
- (b) deed of assignment over the rights under the joint development agreement;
- (c) legal assignment and charge over all sales proceed; and
- (d) corporate guarantee of the Company.

**27. LOANS AND BORROWINGS (continued)**

**Bridging loan II** of RMNil (2014 : RM2,224,878) 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 V** of RMNil (2014 : RM5,000,000) is repayable by 4 quarterly principal instalments of RM1,250,000 each commencing February 2015. **Secured bank overdraft** of RM8,059,524 (2014 : RMNil) is repayable on demand. The bridging loan, secured revolving credit and secured bank overdraft 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 VI** of RM20,000,000 (2014 : 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 VII** of RM1,925,000 (2014 : RM3,025,000) 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 VIII** of RM15,000,000 (2014 : RM15,000,000) is repayable by 8 quarterly principal instalments of RM1,875,000 each commencing on the 39th month from the date of first drawdown. **Secured bank overdraft** of RMNil (2014 : RM730,500) 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.

## 27. LOANS AND BORROWINGS (continued)

**Secured revolving credit IX** of RM34,837,768 (2014 : RM17,895,439) 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 X** of RM37,218,250 (2014 : RM34,556,018) 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.

**Unsecured term loan I** of RMNil (2014 : RM2,937,014) 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 RM1,500,000 (2014 : RM4,500,000) 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 term loan II** of RM15,000,000 (2014 : RMNil), **Unsecured revolving credits II** of RM18,000,000 (2014 : RM18,000,000) and **Unsecured bank overdraft** of RM5,025,902 (2014 : RMNil) of the Group is repayable on demand and is supported by corporate guarantee of the Company.

**Unsecured revolving credits** of RM50,000,000 (2014 : RM5,000,000) and **Unsecured bank overdraft** of RM3,460,660 (2014 : RMNil) of the Company are repayable on demand.

## 28. DIVIDEND

|                                                                                                                   | Net dividend<br>per share<br>Sen | Total<br>amount<br>RM | Date<br>of<br>payment |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------|-----------------------|
| <b>2015</b>                                                                                                       |                                  |                       |                       |
| Interim single tier dividend of 8.0 sen per ordinary share in respect of financial year ended 30 September 2014   | 8.0                              | 33,551,728            | 11 November 2014      |
| <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      |

## 28. DIVIDEND (continued)

A first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2015 amounting to RM29,359,770 was declared on 27 November 2015 and to be paid on 31 December 2015. 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 2016.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2015.

## 29. ACQUISITION OF SUBSIDIARIES

### During the financial year

On 10 June 2015, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in Global Landscape Creation Sdn. Bhd. for a total cash consideration of RM2. The said acquisition did not give rise to a material impact on the financial statements of the Group.

### In the previous financial year

- (a) On 21 October 2013, the Company 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:

|                                                 | <b>The Group<br/>2014<br/>RM</b> |
|-------------------------------------------------|----------------------------------|
| Cash and bank balances                          | 12,889                           |
| Payables and accruals                           | (14,256)                         |
| Current tax liabilities                         | (1,000)                          |
| Total identifiable net liabilities              | (2,367)                          |
| Goodwill on acquisition                         | 2,369                            |
| Total purchase consideration paid 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 acquired 100% equity interest in Alif Mesra Sdn. Bhd, for a cash consideration of RM2. The said acquisition did not give rise to a material impact on the financial statements of the Group.
- (c) On 24 July 2014, the Company acquired 100% equity interest in Danau Saujana Sdn. Bhd., for a cash consideration of RM2. The said acquisition did give rise to a material impact on the financial statements of the Group.



## 29. ACQUISITION OF SUBSIDIARIES (continued)

### In the previous financial year (continued)

- (d) On 8 August 2014, the Company acquired 100% equity interest in Pelangi Binaraya Sdn. Bhd. and Suria Villa Sdn. Bhd., for a total cash consideration of RM4. The said acquisitions did not give rise to a material impact on the financial statements of the Group.

## 30. FINANCIAL GUARANTEE

|                                                                                                                                                  | <b>The Company</b> |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                                                  | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| 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                                                                                                             | 755,887,029        | 618,166,100        |

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 is not probable that the counterparties to financial guarantee contracts will claim under the contracts.

## 31. CAPITAL COMMITMENTS

As at 30 September 2015, the Group has the following capital commitments in respect of purchase of property, plant and equipment:

|                                 | <b>The Group</b>   |                    |
|---------------------------------|--------------------|--------------------|
|                                 | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Approved and contracted for     | 3,009,608          | 3,009,608          |
| Approved and not contracted for | 11,413,328         | 6,600,000          |
|                                 | 14,422,936         | 9,609,608          |

## 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:

|                                              | The Group  |            | The Company |            |
|----------------------------------------------|------------|------------|-------------|------------|
|                                              | 2015<br>RM | 2014<br>RM | 2015<br>RM  | 2014<br>RM |
| <b>Directors of the Company</b>              |            |            |             |            |
| Fees                                         | 250,000    | 250,000    | 250,000     | 250,000    |
| Other short-term emoluments                  | 13,573,550 | 12,659,735 | 40,500      | 27,000     |
| Estimated monetary value of benefits-in-kind | 99,861     | 97,372     | -           | -          |
| Total short-term employee benefits           | 13,923,411 | 13,007,107 | 290,500     | 277,000    |
| Post-employment benefits                     | 2,566,938  | 5,210,916  | -           | -          |
|                                              | 16,490,349 | 18,218,023 | 290,500     | 277,000    |
| <b>Other key management personnel</b>        |            |            |             |            |
| Remuneration                                 | 6,902,927  | 6,633,294  | -           | -          |
| Other short-term employee benefits           | 43,220     | 35,892     | -           | -          |
| Post-employment benefits                     | 801,840    | 807,694    | -           | -          |
|                                              | 7,747,987  | 7,476,880  | -           | -          |
| Total key management personnel compensation  | 24,238,336 | 25,694,903 | 290,500     | 277,000    |

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 Group, either directly or indirectly.

## 32. RELATED PARTY DISCLOSURES (continued)

### (c) Related party transactions and balances of the Company

|                                                 | The Company  |              |
|-------------------------------------------------|--------------|--------------|
|                                                 | 2015<br>RM   | 2014<br>RM   |
| <b>Received or receivable from subsidiaries</b> |              |              |
| Gross dividend                                  | (32,636,400) | (77,452,174) |
| Interest income                                 | (8,669,790)  | (6,181,651)  |
| <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 19 and 26.

### (d) Related party transactions and balances of the Group

|                                                                                                  | The Group  |            |
|--------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                  | 2015<br>RM | 2014<br>RM |
| <b>Received and receivables from associate</b>                                                   |            |            |
| Rental income                                                                                    | 1,917,390  | 1,509,208  |
| <b>Received and receivables from company in which a director has substantial equity interest</b> |            |            |
| Secretarial fees                                                                                 | 1,980      | 1,980      |
| <b>Received and receivables from other related parties</b>                                       |            |            |
| Progress billings to:                                                                            |            |            |
| (i) certain directors of the Company                                                             | 1,334,100  | 4,836,248  |
| (ii) a corporate shareholder of a subsidiary                                                     | 4,242,605  | 3,193,140  |
| (iii) a corporate in which a director of the Company has substantial interest                    | 3,049,276  | 5,256,000  |
| (iv) a person connected to a director of the Company                                             | 1,209,650  | 1,688,150  |
| (v) certain key management personnel of the Group                                                | 1,580,800  | 1,394,600  |

Information on outstanding balances with related parties of the Group is disclosed in Note 19.

### 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 3. Segment results represents profit before tax of the segment. Inter-segment transactions are entered into 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.

### 33. SEGMENT INFORMATION (continued)

#### Segment revenue and results

| 2015                                                       | Property development and construction<br>RM | Plantation<br>RM | Hotel and property investment<br>RM | Trading<br>RM | Manufacturing<br>RM | Investment holding<br>RM | Non-reportable segments<br>RM | Elimination<br>RM | Total<br>RM   |
|------------------------------------------------------------|---------------------------------------------|------------------|-------------------------------------|---------------|---------------------|--------------------------|-------------------------------|-------------------|---------------|
| <b>Revenue</b>                                             |                                             |                  |                                     |               |                     |                          |                               |                   |               |
| Total external revenue                                     | 720,947,634                                 | 209,538,209      | 34,792,942                          | 65,011,821    | 10,437,796          | -                        | 1,169,360                     | -                 | 1,041,897,762 |
| Inter-segment revenue                                      | -                                           | -                | 607,500                             | 64,203        | -                   | 88,275,470               | -                             | (88,947,173)      | -             |
| Total segment revenue                                      | 720,947,634                                 | 209,538,209      | 35,400,442                          | 65,076,024    | 10,437,796          | 88,275,470               | 1,169,360                     | (88,947,173)      | 1,041,897,762 |
| <b>Results</b>                                             |                                             |                  |                                     |               |                     |                          |                               |                   |               |
| Operating results                                          | 153,696,871                                 | (3,766,306)      | 25,260,808                          | 5,600,759     | 795,833             | 32,897,645               | (482,142)                     | (31,775,020)      | 182,228,448   |
| Interest expense                                           | (44,018,165)                                | (27,144,607)     | (3,064,794)                         | -             | -                   | (20,059,934)             | (129,973)                     | 44,607,078        | (49,810,395)  |
| Interest income                                            | 7,100,777                                   | 1,749,344        | 45,127                              | -             | 38,556              | 8,723,995                | 1,842                         | (12,832,058)      | 4,827,583     |
| Share of results of associates                             | 577,313                                     | -                | (508,945)                           | -             | -                   | -                        | -                             | -                 | 68,368        |
| Segment results                                            | 117,356,796                                 | (29,161,569)     | 21,732,196                          | 5,600,759     | 834,389             | 21,561,706               | (610,273)                     | -                 | 137,314,004   |
| Tax expense                                                | (32,914,344)                                | 3,579,904        | (3,880,182)                         | (1,407,151)   | (59,606)            | (5,860,469)              | (141,683)                     | -                 | (40,683,531)  |
| <b>Profit/(Loss) for the financial year</b>                | 84,442,452                                  | (25,581,665)     | 17,852,014                          | 4,193,608     | 774,783             | 15,701,237               | (751,956)                     | -                 | 96,630,473    |
| <b>Other segment information</b>                           |                                             |                  |                                     |               |                     |                          |                               |                   |               |
| Depreciation and amortisation                              | 807,976                                     | 23,247,995       | 1,914,553                           | 16,548        | 475,425             | 17,245                   | 129,003                       | -                 | 26,608,745    |
| Changes in fair value of investment properties             | -                                           | -                | (10,241,084)                        | -             | -                   | -                        | -                             | -                 | (10,241,084)  |
| Loss/(Gain) on disposal of property, plant and equipment   | (256,774)                                   | -                | -                                   | -             | -                   | -                        | -                             | -                 | (256,774)     |
| Impairment loss on trade and other receivables             | 17,100                                      | -                | -                                   | -             | -                   | -                        | 419,258                       | -                 | 436,358       |
| Provision for post-employment benefit obligations          | -                                           | 3,067,640        | -                                   | -             | -                   | -                        | -                             | -                 | 3,067,640     |
| Loss/(Gain) on foreign exchange:                           |                                             |                  |                                     |               |                     |                          |                               |                   |               |
| Realised                                                   | -                                           | 618,287          | -                                   | 1,376         | (134,901)           | (3,536,999)              | -                             | -                 | (3,052,237)   |
| Unrealised                                                 | -                                           | 37,025,605       | -                                   | -             | -                   | -                        | (339,200)                     | -                 | 36,686,405    |
| Reversal of impairment loss on trade and other receivables | (133,347)                                   | -                | -                                   | (104,612)     | -                   | (5,600)                  | (962)                         | -                 | (244,521)     |

**33. SEGMENT INFORMATION (continued)**

| 2014                                                                    | Property development and construction<br>RM | Plantation<br>RM | Hotel and property investment<br>RM | Trading<br>RM | Manufacturing<br>RM | Investment holding<br>RM | Non-reportable segments<br>RM | Elimination<br>RM | Total<br>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) |
| <b>Profit/(Loss) for the financial year</b>                             | 65,869,296                                  | 14,950,068       | 25,160,134                          | 2,898,927     | 839,615             | 10,592,163               | (687,716)                     | -                 | 119,622,487  |
| <b>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)  |
| 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    |
| Loss/(Gain) on foreign exchange:                                        |                                             |                  |                                     |               |                     |                          |                               |                   |              |
| Realised                                                                | -                                           | 1,283,277        | -                                   | 329           | (28,560)            | 27,103                   | -                             | -                 | 1,282,149    |
| Unrealised                                                              | -                                           | 18,126,457       | -                                   | -             | -                   | 2,741                    | 106,000                       | -                 | 18,235,198   |
| Reversal of impairment loss on trade and other receivables              | (114,571)                                   | -                | (28,637)                            | -             | -                   | (9,000)                  | (227,514)                     | -                 | (379,722)    |



33. SEGMENT INFORMATION (continued)

| 2015                                                                                     | Property development and construction<br>RM | Plantation<br>RM | Hotel and property investment<br>RM | Trading<br>RM | Manufacturing<br>RM | Investment holding<br>RM | Non-reportable segments<br>RM | Elimination<br>RM | Total<br>RM   |
|------------------------------------------------------------------------------------------|---------------------------------------------|------------------|-------------------------------------|---------------|---------------------|--------------------------|-------------------------------|-------------------|---------------|
| <b>Assets</b>                                                                            |                                             |                  |                                     |               |                     |                          |                               |                   |               |
| Segment assets                                                                           | 1,617,212,686                               | 476,495,176      | 355,498,187                         | 25,320,488    | 33,058,524          | 19,453,100               | 21,032,350                    | -                 | 2,548,070,511 |
| Investment in associates                                                                 | 12,123,455                                  | -                | 381,023                             | -             | -                   | -                        | -                             | -                 | 12,504,478    |
| Deferred tax assets                                                                      | 29,033,499                                  | 1,428,269        | -                                   | 12,013        | -                   | 4,262,730                | -                             | -                 | 34,736,511    |
| Current tax assets                                                                       | 3,127,213                                   | -                | 180,113                             | -             | -                   | -                        | 3,216                         | -                 | 3,310,542     |
| Total assets                                                                             | 1,661,496,853                               | 477,923,445      | 356,059,323                         | 25,332,501    | 33,058,524          | 23,715,830               | 21,035,566                    | -                 | 2,598,622,042 |
| <b>Liabilities</b>                                                                       |                                             |                  |                                     |               |                     |                          |                               |                   |               |
| Segment liabilities                                                                      | 514,460,146                                 | 43,027,686       | 13,349,181                          | 9,829,966     | 2,507,141           | 20,727,945               | 1,118,852                     | -                 | 605,020,917   |
| Current tax liabilities                                                                  | 14,396,232                                  | 301              | 970,543                             | 357,931       | 51,453              | 2,537,308                | 14,814                        | -                 | 18,328,582    |
| Interest bearing liabilities                                                             | 297,347,474                                 | 327,191,340      | 50,042,716                          | -             | -                   | 126,803,174              | -                             | -                 | 801,384,704   |
| Deferred tax liabilities                                                                 | 30,767,600                                  | -                | 14,250,700                          | -             | 2,175,610           | -                        | 161,630                       | -                 | 47,355,540    |
| Total liabilities                                                                        | 856,971,452                                 | 370,219,327      | 78,613,140                          | 10,187,897    | 4,734,204           | 150,068,427              | 1,295,296                     | -                 | 1,472,089,743 |
| <b>Other segment information</b>                                                         |                                             |                  |                                     |               |                     |                          |                               |                   |               |
| Additions to non-current assets other than financial instruments and deferred tax assets | 147,511,453                                 | 18,804,434       | 4,843,301                           | 24,251        | 752,946             | -                        | 11,017                        | -                 | 171,947,402   |
| <b>2014 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   |

### 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 the segment's country of domicile is insignificant. Non-current assets do not include financial instruments, investment in associates and deferred tax assets.

|                                | Revenue       |             | Non-current assets |               |
|--------------------------------|---------------|-------------|--------------------|---------------|
|                                | 2015<br>RM    | 2014<br>RM  | 2015<br>RM         | 2014<br>RM    |
| Malaysia                       | 821,921,757   | 629,620,689 | 919,978,941        | 859,335,542   |
| The Peoples' Republic of China | 10,437,796    | 12,147,549  | 18,813,123         | 12,345,760    |
| Republic of Indonesia          | 209,538,209   | 164,753,373 | 414,231,380        | 368,419,398   |
|                                | 1,041,897,762 | 806,521,611 | 1,353,023,444      | 1,240,100,700 |

#### 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

- (a) On 12 August 2014, the Company acquired 2 existing ordinary shares of RM1 each representing the entire issued and paid-up share capital of Achieve Acres Sdn. Bhd. ("AASB") from Kajang Resources Corporation Sdn. Bhd., a wholly-owned subsidiary of the Company, for a cash consideration of RM12,796. On 12 December 2014, the Company further subscribed for additional 212,498 ordinary shares of RM1 each representing 85% of the total allotment of 249,998 ordinary shares in AASB for a total cash consideration of RM212,498. Consequently, AASB became a 85% owned subsidiary of the Company.
- (b) On 10 June 2015, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in Global Landscape Creation Sdn. Bhd., for a total cash consideration of RM2. The said acquisition did not give rise to a material impact on the financial statements of the Group.

### 35. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

On 17 December 2015, Kajang Resources Corporation Sdn. Bhd. ("KRC"), a wholly-owned subsidiary of the Company subscribed for 49 new ordinary shares of RM1 each, representing 49% equity interest in PanaHome MKH Malaysia Sdn. Bhd. ("PanaHome MKH"), a company incorporated in Malaysia. Consequent thereupon, PanaHome MKH became an associate of the Group.

On 31 December 2015, "KRC" further subscribed for additional 489,951 ordinary shares of RM1 each representing 49% of the total allotment of 999,900 ordinary shares in PanaHome MKH for a total cash consideration of RM489,951.

### 36. OPERATING LEASE ARRANGEMENTS - THE GROUP AS LESSOR

The Group has entered into property leases on its investment properties, which comprise freehold and leasehold land and buildings, 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:

|                                              | The Group  |            |
|----------------------------------------------|------------|------------|
|                                              | 2015<br>RM | 2014<br>RM |
| Not later than 1 year                        | 3,844,218  | 3,978,119  |
| Later than 1 year but not later than 5 years | 15,912,907 | 16,222,356 |
| Later than 5 years                           | 53,713,447 | 58,684,337 |
|                                              | 73,470,572 | 78,884,812 |

### 37. FINANCIAL INSTRUMENTS

#### 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:

|                                                           | The Group   |             | The Company |             |
|-----------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                           | 2015<br>RM  | 2014<br>RM  | 2015<br>RM  | 2014<br>RM  |
| <b>Financial assets</b>                                   |             |             |             |             |
| Loans and receivables:                                    |             |             |             |             |
| Receivables and deposits                                  | 184,755,454 | 129,468,163 | 177,750,670 | 127,549,476 |
| Cash, bank balances, term deposits and fixed income funds | 269,074,344 | 196,091,119 | 405,509     | 1,016,517   |
| <b>Financial liabilities</b>                              |             |             |             |             |
| Other financial liabilities at amortised cost:            |             |             |             |             |
| Payables and accruals                                     | 513,762,372 | 361,527,859 | 778,864     | 339,429     |
| Loans and borrowings                                      | 801,384,704 | 607,809,973 | 53,460,660  | 5,000,000   |

### 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 the 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:

| By country:                    | The Group   |               |             |               |
|--------------------------------|-------------|---------------|-------------|---------------|
|                                | 2015<br>RM  | % of<br>total | 2014<br>RM  | % of<br>total |
| Malaysia                       | 134,058,465 | 96.94%        | 94,822,501  | 86.10%        |
| The Peoples' Republic of China | 1,070,201   | 0.77%         | 1,567,645   | 1.42%         |
| Republic of Indonesia          | 3,172,813   | 2.29%         | 13,736,049  | 12.48%        |
|                                | 138,301,479 | 100.00%       | 110,126,195 | 100.00%       |

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 RM755,887,029 (2014: RM618,166,100) 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 their repayment.

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (i) Credit risk (continued)

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<br>amount<br>RM | Total<br>contractual<br>amount<br>RM | On demand<br>or within 1<br>year<br>RM | 1-2 years<br>RM | 2 to 5 years<br>RM | Over 5 years<br>RM |
|-------------------------------|--------------------------|--------------------------------------|----------------------------------------|-----------------|--------------------|--------------------|
| <b>The Group</b>              |                          |                                      |                                        |                 |                    |                    |
| <b>2015</b>                   |                          |                                      |                                        |                 |                    |                    |
| <b>Financial liabilities:</b> |                          |                                      |                                        |                 |                    |                    |
| Payables and accruals         | 513,762,372              | 531,999,953                          | 380,285,504                            | 78,107,044      | 73,607,405         | -                  |
| Loans and borrowings          | 801,384,704              | 887,416,100                          | 317,424,997                            | 156,707,733     | 408,158,704        | 5,124,666          |
|                               | 1,315,147,076            | 1,419,416,053                        | 697,710,501                            | 234,814,777     | 481,766,109        | 5,124,666          |
| <b>The Company</b>            |                          |                                      |                                        |                 |                    |                    |
| <b>2015</b>                   |                          |                                      |                                        |                 |                    |                    |
| <b>Financial liabilities:</b> |                          |                                      |                                        |                 |                    |                    |
| Payables and accruals         | 778,864                  | 778,864                              | 778,864                                | -               | -                  | -                  |
| Loans and borrowings          | 53,460,660               | 53,460,660                           | 53,460,660                             | -               | -                  | -                  |
|                               | 54,239,524               | 54,239,524                           | 54,239,524                             | -               | -                  | -                  |

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (ii) Liquidity risk (continued)

|                               | Carrying<br>amount<br>RM | Total<br>contractual<br>amount<br>RM | On demand<br>or within 1<br>year<br>RM | 1-2 years<br>RM | 2 to 5 years<br>RM | Over 5 years<br>RM |
|-------------------------------|--------------------------|--------------------------------------|----------------------------------------|-----------------|--------------------|--------------------|
| <b>The Group</b>              |                          |                                      |                                        |                 |                    |                    |
| <b>2014</b>                   |                          |                                      |                                        |                 |                    |                    |
| <b>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         |
| <b>The Company</b>            |                          |                                      |                                        |                 |                    |                    |
| <b>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                              | -               | -                  | -                  |

#### (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.

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.



### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (iii) Foreign currency risk (continued)

Financial assets and liabilities denominated in USD are as follows:

|                             | <b>The Group</b>   |                    |
|-----------------------------|--------------------|--------------------|
|                             | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| <b>United States Dollar</b> |                    |                    |
| Cash and bank balances      | 27,399,613         | 9,058,313          |
| Trade receivables           | 1,070,201          | 1,567,645          |
| Term loans                  | (326,485,404)      | (278,047,100)      |

#### 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 their respective functional currencies, with all other variables held constant.

|                  | <b>Profit for the financial year</b> |                    |
|------------------|--------------------------------------|--------------------|
|                  | <b>2015<br/>RM</b>                   | <b>2014<br/>RM</b> |
| <b>The Group</b> |                                      |                    |
| USD/RM           |                                      |                    |
| Strengthened 5%  | 503,500                              | 700                |
| Weakened 5%      | (503,500)                            | (700)              |
| USD/RMB          |                                      |                    |
| Strengthened 3%  | 36,700                               | 56,400             |
| Weakened 3%      | (36,700)                             | (56,400)           |
| USD/IDR          |                                      |                    |
| Strengthened 5%  | (11,740,500)                         | (10,123,000)       |
| Weakened 5%      | 11,740,500                           | 10,123,000         |
|                  | <b>Translation reserve</b>           |                    |
|                  | <b>2015<br/>RM</b>                   | <b>2014<br/>RM</b> |
| <b>The Group</b> |                                      |                    |
| IDR/RM           |                                      |                    |
| Strengthened 5%  | 280,100                              | 185,000            |
| Weakened 5%      | (280,100)                            | (185,000)          |
| RMB/RM           |                                      |                    |
| Strengthened 3%  | (235,300)                            | (76,600)           |
| Weakened 3%      | 235,300                              | 76,600             |

### **38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

#### **(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.

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 RM797,446,399 (2014 : RM604,314,566) at floating rate expose the Group to cash flow interest rate risk whilst finance lease of RM3,938,305 (2014 : RM3,495,407) 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.

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 RM2,990,400 (2014 : RM2,266,200), 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 their fair values due to the relatively short-term maturities of these financial assets and liabilities.

#### **(ii) Long-term trade receivables and payables, loan receivables and finance lease receivables**

The fair values of long-term trade receivables and payables, 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.

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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.

The carrying amounts and fair value of financial instruments, other than the carrying amounts which are reasonable approximation of fair values, are as follows:

|                              | <b>The Group</b>              |                          |
|------------------------------|-------------------------------|--------------------------|
|                              | <b>Carrying amount<br/>RM</b> | <b>Fair value<br/>RM</b> |
| <b>2015</b>                  |                               |                          |
| <b>Financial assets</b>      |                               |                          |
| Long-term other receivables  | 2,367,964                     | 795,338                  |
| <b>Financial liabilities</b> |                               |                          |
| Finance lease liabilities    | 3,938,305                     | 4,096,133                |
| <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                |

#### 40. FAIR VALUE HIERARCHY

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

|                                                                                    | Fair value measurement using |               |               |             |
|------------------------------------------------------------------------------------|------------------------------|---------------|---------------|-------------|
|                                                                                    | Level 1<br>RM                | Level 2<br>RM | Level 3<br>RM | Total<br>RM |
| <b>The Group<br/>2015</b>                                                          |                              |               |               |             |
| <b><i>Land and buildings under property,<br/>plant and equipment (Note 10)</i></b> |                              |               |               |             |
| Factory buildings                                                                  | -                            | -             | 38,007,378    | 38,007,378  |
| Office and shoplot                                                                 | -                            | -             | 46,080,000    | 46,080,000  |
|                                                                                    | -                            | -             | 84,087,378    | 84,087,378  |
| <b><i>Investment properties (Note 14)</i></b>                                      |                              |               |               |             |
| Commercial properties                                                              | -                            | -             | 244,300,000   | 244,300,000 |
| Office and shoplot                                                                 | -                            | -             | 19,157,000    | 19,157,000  |
| Education centre                                                                   | -                            | -             | 45,000,000    | 45,000,000  |
|                                                                                    | -                            | -             | 308,457,000   | 308,457,000 |
| <b><i>Liability for which fair value is disclosed (Note 39)</i></b>                |                              |               |               |             |
| Finance lease payables                                                             | -                            | 4,096,133     | -             | 4,096,133   |
| <b><i>Asset for which fair value is disclosed (Note 39)</i></b>                    |                              |               |               |             |
| Long-term other receivables                                                        | -                            | 795,338       | -             | 795,338     |
| <b>The Group<br/>2014</b>                                                          |                              |               |               |             |
| <b><i>Land and buildings under property,<br/>plant and equipment (Note 10)</i></b> |                              |               |               |             |
| Factory buildings                                                                  | -                            | -             | 8,682,951     | 8,682,951   |
| Office and shoplot                                                                 | -                            | -             | 40,852,670    | 40,852,670  |
|                                                                                    | -                            | -             | 49,535,621    | 49,535,621  |
| <b><i>Investment properties (Note 14)</i></b>                                      |                              |               |               |             |
| Commercial properties                                                              | -                            | -             | 236,000,000   | 236,000,000 |
| Office and shoplot                                                                 | -                            | -             | 18,443,000    | 18,443,000  |
| Education centre                                                                   | -                            | -             | 45,000,000    | 45,000,000  |
|                                                                                    | -                            | -             | 299,443,000   | 299,443,000 |
| <b><i>Liability for which fair value is disclosed (Note 39)</i></b>                |                              |               |               |             |
| Finance lease payables                                                             | -                            | 3,499,055     | -             | 3,499,055   |
| <b><i>Asset for which fair value is disclosed (Note 39)</i></b>                    |                              |               |               |             |
| Long-term other receivables                                                        | -                            | 347,829       | -             | 347,829     |

#### 40. FAIR VALUE HIERARCHY (continued)

The investment properties of the Group totalling RM53,407,000 as at 30 September 2014 have been reclassified from Level 2 to Level 3 to conform with current year's presentation.

Fair value reconciliation of land and buildings under property, plant and equipment measured at level 3 are as follows:

|                                                               | Factory buildings<br>RM | Office and shophot<br>RM | Total<br>RM |
|---------------------------------------------------------------|-------------------------|--------------------------|-------------|
| <b>The Group</b>                                              |                         |                          |             |
| <b>2015</b>                                                   |                         |                          |             |
| <b>Land and buildings under property, plant and equipment</b> |                         |                          |             |
| At beginning of year                                          | 8,682,951               | 40,852,670               | 49,535,621  |
| Additions                                                     | 17,369,086              | -                        | 17,369,086  |
| Depreciation charge for the financial year                    | (1,267,000)             | (679,459)                | (1,946,459) |
| Revaluation                                                   | 8,627,433               | 5,906,789                | 14,534,222  |
| Effect of movements in exchange rates                         | 4,594,908               | -                        | 4,594,908   |
| At end of year                                                | 38,007,378              | 46,080,000               | 84,087,378  |
| <b>2014</b>                                                   |                         |                          |             |
| <b>Land and buildings under property, plant and equipment</b> |                         |                          |             |
| At beginning of year                                          | 8,936,309               | 41,532,128               | 50,468,437  |
| Depreciation charge for the financial year                    | (247,262)               | (679,458)                | (926,720)   |
| Effect of movements in exchange rates                         | (6,096)                 | -                        | (6,096)     |
| At end of year                                                | 8,682,951               | 40,852,670               | 49,535,621  |

Description of valuation techniques used and key unobservable inputs to valuation on land and buildings under property, plant and equipment measured at level 3 are as follows:

| Property category                    | Value technique   | Significant unobservable inputs    | Range         |
|--------------------------------------|-------------------|------------------------------------|---------------|
| <i>Property, plant and equipment</i> |                   |                                    |               |
| Commercial properties                | Comparison method | Market value per square feet       | RM273 - RM291 |
| Commercial properties                | Cost method       | Construction price per square feet | RM55 - RM250  |
| Factory buildings                    | Cost method       | Construction price per square feet | RM27 - RM79   |

#### 40. FAIR VALUE HIERARCHY (continued)

Fair value reconciliation of investment properties measured at level 3 are as follows:

|                                                       | Commercial<br>properties<br>RM | Office and<br>shoplot<br>RM | Education<br>centre<br>RM | Total<br>RM |
|-------------------------------------------------------|--------------------------------|-----------------------------|---------------------------|-------------|
| <b>The Group<br/>2015</b>                             |                                |                             |                           |             |
| <b>Investment properties</b>                          |                                |                             |                           |             |
| At beginning of year                                  | 236,000,000                    | 18,443,000                  | 45,000,000                | 299,443,000 |
| Changes in fair value recognised in<br>profit or loss | 8,300,000                      | 714,000                     | 1,227,084                 | 10,241,084  |
| Reversals                                             | -                              | -                           | (1,227,084)               | (1,227,084) |
| At end of year                                        | 244,300,000                    | 19,157,000                  | 45,000,000                | 308,457,000 |
| <b>2014</b>                                           |                                |                             |                           |             |
| <b>Investment properties</b>                          |                                |                             |                           |             |
| At beginning of year                                  | 217,498,000                    | 14,889,700                  | 31,216,952                | 263,604,652 |
| Changes in fair value recognised in<br>profit or loss | 10,400,000                     | 3,553,300                   | 8,243,324                 | 22,196,624  |
| Additions                                             | 8,102,000                      | -                           | 5,539,724                 | 13,641,724  |
| At end of year                                        | 236,000,000                    | 18,443,000                  | 45,000,000                | 299,443,000 |

Description of valuation techniques used and key unobservable inputs to valuation on investment properties measured at level 3 are as follows:

| Property category            | Value technique   | Significant unobservable inputs                            | Range            |
|------------------------------|-------------------|------------------------------------------------------------|------------------|
| <i>Investment properties</i> |                   |                                                            |                  |
| Commercial properties        | Comparison method | Market value per square feet                               | RM50 - RM758     |
| Commercial properties        | Investment method | Estimated average rental rate<br>per square feet per month | RM3.47 - RM12.89 |
|                              |                   | Estimated outgoings per square<br>feet per month           | RM1.48 - RM1.54  |
|                              |                   | Term yield                                                 | 6.85% - 7.25%    |
|                              |                   | Sinking fund                                               | 3%               |
|                              |                   | Void rate                                                  | 2.00% - 5.00%    |
| Commercial properties        | Cost method       | Construction price per square feet                         | RM120            |



#### 40. FAIR VALUE HIERARCHY (continued)

| Property category            | Value technique   | Significant unobservable inputs                         | Range               |
|------------------------------|-------------------|---------------------------------------------------------|---------------------|
| <i>Investment properties</i> |                   |                                                         |                     |
| Office and shoplot           | Investment method | Estimated average rental rate per square feet per month | RM4                 |
|                              |                   | Estimated price per parking bay                         | RM17,000 - RM28,300 |
|                              |                   | Estimated outgoings per square feet per month           | RM0.25              |
|                              |                   | Term yield                                              | 7.5%                |
| Education centre             | Investment method | Estimated average rental rate per square feet per month | RM0.80              |
|                              |                   | Estimated outgoings per square feet per month           | RM0.04              |
|                              |                   | Term yield                                              | 6.00%               |
|                              |                   | Sinking fund                                            | 2.00%               |
|                              |                   | Void rate                                               | 2.00%               |

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 3 fair value hierarchy due to the adjustments mentioned above. 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.

#### **40. FAIR VALUE HIERARCHY (continued)**

##### **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 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 the carrying amounts.

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.

##### **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.

#### 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 2015 and 30 September 2014.

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 of not exceeding 80%. The debt-to-equity ratio as at 30 September 2015 and 2014, which are within the Group's objectives of capital management are as follows:

|                                                   | <b>The Group</b>   |                    |
|---------------------------------------------------|--------------------|--------------------|
|                                                   | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Loans and borrowings                              | 801,384,704        | 607,809,973        |
| Total equity attributable to owners of the parent | 1,104,653,032      | 1,034,505,440      |
| Debt-to-equity ratio (%)                          | 73%                | 59%                |

The Group is not subject to any externally imposed capital requirements other than a subsidiary which is required to maintain a debt-to-equity ratio of 70:30 and loan-to-value ratio of not more than 70% in respect of the term loan facilities. Based on the proforma financial information provided to the financial institutions, the Group has complied with this capital requirement.

# 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 2015 and 2014 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 Securities Listing Requirements”, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia.

The retained earnings of the Group and of the Company as at 30 September 2015 and 2014 is analysed as follows:

|                                                              | <b>The Group</b>   |                    | <b>The Company</b> |                    |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                              | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> | <b>2015<br/>RM</b> | <b>2014<br/>RM</b> |
| Total retained earnings of the Company and its subsidiaries: |                    |                    |                    |                    |
| - Realised                                                   | 666,257,213        | 611,837,736        | 374,369,458        | 373,561,297        |
| - Unrealised                                                 | 116,183,759        | 110,301,686        | 747,825            | 749,025            |
|                                                              | 782,440,972        | 722,139,422        | 375,117,283        | 374,310,322        |
| Total share of retained earnings from associates:            |                    |                    |                    |                    |
| Realised                                                     | 8,254,478          | 8,186,110          | -                  | -                  |
|                                                              | 790,695,450        | 730,325,532        | 375,117,283        | 374,310,322        |
| Less: Consolidation adjustments                              | (139,247,625)      | (134,181,428)      | -                  | -                  |
| Total retained earnings                                      | 651,447,825        | 596,144,104        | 375,117,283        | 374,310,322        |

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 2015

| Location                                                                                                                                                                               | Description and Existing Use                                                                                                                         | Land Area (acres) | Tenure   | Carrying Amount As At 30-9-2015 RM'000 | *Date of Revaluation/ Date of Acquisition                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------|----------------------------------------|------------------------------------------------------------|
| <b>Aliran Perkasa Sdn. Bhd.</b>                                                                                                                                                        |                                                                                                                                                      |                   |          |                                        |                                                            |
| Lot 42195, Mukim Kajang, Daerah Ulu Langat, Selangor                                                                                                                                   | Agricultural title<br>Existing use: Vacant land                                                                                                      | 3.088             | Freehold | 1,353                                  | 01.04.2004                                                 |
| Lot 42182, Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor                                                                                                                      | Land approved for development<br>Existing use: Rubber trees                                                                                          | 1.495             | Freehold | 660                                    | 07.02.2005                                                 |
| Part of Lot 1990, 1996, 25301 & 25310, Mukim Semenyih, Daerah Ulu Langat, Selangor                                                                                                     | Land approved for development<br>Existing use: Vacant land                                                                                           | 23.589            | Freehold | 61,187                                 | 22.03.2010                                                 |
| Lot 2006, Mukim Semenyih, Daerah Ulu Langat, Selangor                                                                                                                                  | Agricultural title<br>Existing use: Vacant land                                                                                                      | 10.394            | Freehold | 7,188                                  | 25.10.2011                                                 |
| PT 37330, Mukim Semenyih, Daerah Ulu Langat, Selangor                                                                                                                                  | Land approved for development<br>Existing use: Vacant land                                                                                           | 6.870             | Freehold | 1,649                                  | 22.03.2010                                                 |
| PT 37331, Mukim Semenyih, Daerah Ulu Langat, Selangor                                                                                                                                  | Land approved for development<br>Existing use: Vacant land                                                                                           | 5.612             | Freehold | 1,346                                  | 01.07.2010                                                 |
| <b>Gerak Teguh Sdn. Bhd.</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 | 1,464                                  | 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: 7 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 | 11,000                                 | 30.09.2015<br>(Investment Properties stated at fair value) |
| PT 26795                                                                                                                                                                               | Existing use: lease out for commercial building                                                                                                      | 6.900             | Freehold | 15,000                                 | 30.09.2015<br>(Investment Properties stated at fair value) |

LIST OF  
PROPERTIES  
AS AT 30 SEPTEMBER 2015

| Location                                                                                                                               | Description and Existing Use                                                                                                          | Land Area (acres) | Tenure                                   | Carrying Amount As At 30-9-2015 RM'000 | *Date of Revaluation/ Date of Acquisition |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------|----------------------------------------|-------------------------------------------|
| <b>Hillpark Resources Sdn. Bhd.</b> (formerly known as Puncak Alam Resources Sdn. Bhd.)                                                |                                                                                                                                       |                   |                                          |                                        |                                           |
| Lot PT 834, Mukim Ijok and PT 1092, Mukim Jeram, District of Kuala Selangor, Selangor                                                  | Agricultural title<br>Existing use: vacant land                                                                                       | 200.130           | Leasehold<br>expiring<br>in year<br>2091 | 144,250                                | 25.06.2013                                |
| <b>Hiliran Juara Sdn. Bhd.</b>                                                                                                         |                                                                                                                                       |                   |                                          |                                        |                                           |
| PT 417 to 427 (11 lots), Pekan Baru Sungai Besi, Daerah Petaling, Selangor                                                             | Land approved for residential and commercial development<br>Existing use: partly vacant & partly occupied by building                 | 11.980            | Leasehold<br>expiring<br>in year<br>2100 | 20,251                                 | 14.01.2005                                |
| <b>Intelek Murni (M) Berhad</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.)<br>(Building age: 21 years) | 4.840             | Freehold                                 | 14,450                                 | * 30.9.2015                               |
| <b>Kajang Resources Corporation Sdn. Bhd.</b>                                                                                          |                                                                                                                                       |                   |                                          |                                        |                                           |
| All of the parcels of land held by this subsidiary are located at Batu 18, Jalan Semenyih, Mukim Semenyih, Daerah Ulu Langat, Selangor |                                                                                                                                       |                   |                                          |                                        |                                           |
| PT Nos. 50 and 51                                                                                                                      | Residential land<br>Existing use: Oil palm plantation                                                                                 | 9.659             | Leasehold<br>expiring<br>in year<br>2089 | 2,800                                  | 1991                                      |
| PT Nos. 131 and 132                                                                                                                    | Vacant residential land                                                                                                               | 1.572             | Freehold                                 | 323                                    | 19.08.1997                                |
| Lot 27977                                                                                                                              | Agricultural title<br>Existing use: vacant land                                                                                       | 9.219             | Freehold                                 | 1,911                                  | 26.05.1994                                |
| Part of Lot Nos. 2118, 2119, 2217, 2231, 2822, 2823, 2834, PT 10952 & PT 10953                                                         | Land approved for development<br>Existing use: Vacant land                                                                            | 27.486            | Freehold                                 | 58,845                                 | 11.08.1995 - 18.05.2012                   |
| Lot 2227                                                                                                                               | Agricultural title<br>Existing use: vacant land                                                                                       | 7.006             | Freehold                                 | 4,583                                  | 14.01.2011                                |

LIST OF  
PROPERTIES  
AS AT 30 SEPTEMBER 2015

| Location                                                                                                         | Description and Existing Use                                                                                                                    | Land Area (acres)                    | Tenure                                                                                               | Carrying Amount As At 30-9-2015 RM'000 | *Date of Revaluation/ Date of Acquisition                  |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------|
| <b>Laju Jaya Sdn. Bhd.</b>                                                                                       |                                                                                                                                                 |                                      |                                                                                                      |                                        |                                                            |
| PT Nos. 19379 to 19391 (13 lots)<br>Jalan Semenyih, Kajang,<br>Selangor                                          | Wisma MKH. A 6-storey hotel cum office building with built-up area of 171,935 sq.ft.<br>Existing use: 100% tenanted<br>(Building age: 21 years) | 0.585                                | Leasehold expiring in 2089                                                                           | 30,400                                 | * 30.9.2015                                                |
| <b>Maha Usaha Sdn. Bhd.</b>                                                                                      |                                                                                                                                                 |                                      |                                                                                                      |                                        |                                                            |
| PT No. 19482, Bandar Kajang,<br>Daerah Ulu Langat, Selangor                                                      | Commercial complex with built-up area of approximately 600,000 sq. ft.<br>Existing use: 98% tenanted<br>(Building age: 19 years)                | 2.330                                | Leasehold expiring in 2089                                                                           | 143,300                                | 30.09.2015<br>(Investment Properties stated at fair value) |
| <b>Metro Tiara (M) Sdn. Bhd.</b>                                                                                 |                                                                                                                                                 |                                      |                                                                                                      |                                        |                                                            |
| Unit 1-1, Tingkat 1,<br>Dataran Pelangi Utama,<br>Pelangi Utama, Jalan Masjid,<br>PJU6A, Petaling Jaya, Selangor | 1 unit of stratified office lot within a block of 6-storey shop offices with 58 bays of car park<br>(Building age: 7.5 years)                   | 2,971 sq. ft.<br>(net lettable area) | Leasehold expiring in year 2101                                                                      | 2,590                                  | 30.09.2015<br>(Investment Properties stated at fair value) |
| PT No. 76622, Bandar Kajang,<br>Daerah Ulu Langat, Selangor                                                      | Private school complex with built-up area of approximately 224,736 sq.ft.<br>(Building age: 2 years)                                            | 5.0                                  | Freehold                                                                                             | 45,000                                 | 30.09.2015<br>(Investment Properties stated at fair value) |
| <b>Petik Mekar Sdn. Bhd.</b>                                                                                     |                                                                                                                                                 |                                      |                                                                                                      |                                        |                                                            |
| Lot 1014, Mukim Semenyih,<br>Daerah Ulu Langat, Selangor                                                         | Agricultural title<br>Existing use: vacant land                                                                                                 | 64.607                               | Freehold                                                                                             | 54,909                                 | 10.07.2013                                                 |
| Lot 21740, Mukim Semenyih,<br>Daerah Ulu Langat, Selangor                                                        | Agricultural title<br>Existing use: vacant land                                                                                                 | 10.544                               | Freehold                                                                                             | 12,955                                 | 05.07.2013                                                 |
| <b>PT Maju Kalimantan Hadapan</b> (formerly known as PT Khaleda Agroprima Malindo)                               |                                                                                                                                                 |                                      |                                                                                                      |                                        |                                                            |
| East Kalimantan, Indonesia                                                                                       | Oil palm plantation and office building and estate quarter (built-up area of approximately 3,487,073 sq.ft.)                                    | 39,395                               | Leasehold of 35 years expiring in year 2042 with an option to renew for a further period of 25 years | 307,856                                | * 25.9.2015                                                |



LIST OF  
PROPERTIES  
AS AT 30 SEPTEMBER 2015

| Location                                                                                    | Description and Existing Use                                                                                                            | Land Area (acres)                        | Tenure                          | Carrying Amount As At 30-9-2015 RM'000 | *Date of Revaluation/ Date of Acquisition               |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------|----------------------------------------|---------------------------------------------------------|
| <b>Serba Sentosa Sdn. Bhd.</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                                 | 30.09.2015 (Investment Properties stated at fair value) |
| PT 35799, Bandar Kajang, Daerah Ulu Langat, Selangor                                        | Land approved for commercial development<br>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<br>Existing use: vacant land                                                                   | 1.857                                    | Leasehold expiring in year 2096 | 4,692                                  | 25.07.1995                                              |
| PT 56159, Bandar Kajang, Daerah Ulu Langat, Selangor                                        | Land approved for commercial development<br>Existing use: vacant land                                                                   | 3.720                                    | Leasehold expiring in year 2103 | 9,490                                  | 25.07.1995                                              |
| PT 69670, Bandar Kajang, Daerah Ulu Langat, Selangor                                        | Vacant commercial land                                                                                                                  | 1.194                                    | Leasehold expiring in year 2107 | 3,772                                  | 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>Srijang Indah Sdn. Bhd.</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.<br>Existing use: 96% tenanted (Building age: 8.5 years) | 1.720                                    | Leasehold expiring in year 2102 | 50,000                                 | 30.09.2015 (Investment Properties stated at fair value) |
| Lot 43402, Bandar Baru Bangi, Daerah Ulu Langat, Selangor                                   | 1.5-storey hypermarket building (built-up area of 67,089 sq. ft.) (Building age: 12 years)                                              | 1.770                                    | Freehold                        | 14,000                                 | 30.09.2015 (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: 5 years)             | 11,077 sq. ft. (total net lettable area) | Freehold                        | 8,400                                  | 30.09.2015 (Investment Properties stated at fair value) |

| Location                                                                                                                                                         | Description and Existing Use                                                                                                              | Land Area (acres)                        | Tenure   | Carrying Amount As At 30-9-2015 RM'000 | *Date of Revaluation/ Date of Acquisition               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------|----------------------------------------|---------------------------------------------------------|
| Srijang Indah Sdn. Bhd. (cont'd)                                                                                                                                 |                                                                                                                                           |                                          |          |                                        |                                                         |
| 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: 2 years) | 11,514 sq. ft. (total net lettable area) | Freehold | 8,167                                  | 30.09.2015 (Investment Properties stated at fair value) |
| Srijang Kemajuan Sdn. Bhd.                                                                                                                                       |                                                                                                                                           |                                          |          |                                        |                                                         |
| 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<br>Existing use: vacant land                                                                          | 240.049                                  | Freehold | 147,199                                | 05.05.2008                                              |
| Geran 94270, Lot 38631 and Geran 94269, Lot 38636, Bandar Kajang, Daerah Hulu Langat, Selangor                                                                   | Agricultural title<br>Existing use: partly occupied                                                                                       | 4.052                                    | Freehold |                                        | 04.01.2011                                              |
| Stand Allied Corporation Sdn. Bhd.                                                                                                                               |                                                                                                                                           |                                          |          |                                        |                                                         |
| PT 5188 Seksyen 40, Bandar Petaling Jaya, Daerah Petaling, Selangor                                                                                              | Vacant commercial land                                                                                                                    | 1.531                                    | Freehold | 10,591                                 | 18.07.2014                                              |
| Sumber Lengkap Sdn. Bhd.                                                                                                                                         |                                                                                                                                           |                                          |          |                                        |                                                         |
| 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 | 467                                    | 30.04.1999                                              |

LIST OF  
PROPERTIES  
AS AT 30 SEPTEMBER 2015

| Location                                                                                                         | Description and Existing Use                                                                                            | Land Area (acres)            | Tenure                                 | Carrying Amount As At 30-9-2015 RM'000 | *Date of Revaluation/ Date of Acquisition |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------|----------------------------------------|-------------------------------------------|
| <b>Vast Furniture Manufacturing (Kunshan) Co. Ltd.</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: 15 years), new factory building (Building age: 10 years) | 10.000                       | Leasehold of 50 years expiring in 2049 | 17,515                                 | * 30.09.2015                              |
| <b>MKH Berhad</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: 17 years)              | 4,401 sq.ft. total land area | Freehold                               | 1,230                                  | * 30.09.2015                              |

\* All revalued assets were as at 30 September 2015, except PT Maju Kalimantan Hadapan (formerly known as PT Khaleda Agropima Malindo), which was at 25 September 2015.

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2015

## SHARE CAPITAL

Authorised Share Capital : RM1,000,000,000

Issued and Fully Paid-up : RM419,425,284

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



No. of Shareholders : 5,486

## ANALYSIS OF SHAREHOLDINGS

| Size of Shareholdings | No. of Holders | %             | Total Holdings     | %             |
|-----------------------|----------------|---------------|--------------------|---------------|
| 1 - 99                | 539            | 9.825         | 19,663             | 0.005         |
| 100 - 1,000           | 555            | 10.117        | 331,002            | 0.079         |
| 1,001 - 10,000        | 2,884          | 52.570        | 12,543,604         | 2.991         |
| 10,001 - 100,000      | 1,225          | 22.330        | 37,179,502         | 8.864         |
| 100,001 - 20,971,263  | 279            | 5.086         | 198,057,868        | 47.221        |
| 20,971,264 and above  | 4              | 0.072         | 171,293,645        | 40.840        |
| <b>Total</b>          | <b>5,486</b>   | <b>100.00</b> | <b>419,425,284</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")             | 113,714,310     | 27.112             | 60,005,092*       | 14.307 |
| 2 | Public Bank Group Officers' Retirement Benefits Fund | 41,040,047      | 9.785              | -                 | -      |
| 3 | Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong      | 3,555,910       | 0.848              | 181,502,150#      | 43.274 |
| 4 | Tan Sri Datuk Chen Lok Loi                           | 7,564,704       | 1.804              | 176,905,242^      | 42.178 |
| 5 | Datuk Chen Fook Wah                                  | 626,300         | 0.149              | 173,719,402@      | 41.418 |

### Notes :

\* Deemed interest through shares held in nominee companies.

# Deemed interest through shares held in CCSR, Lotus Way Sdn Bhd and a nominee company.

^ Deemed interest through shares held in CCSR and a nominee company.

@ Deemed interest through shares held in CCSR.

#### 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            | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd                      | 31,000,000         | 7.391         |
| 4            | Kenanga Nominees (Tempatan) Sdn Bhd<br>Qualifier : Public Bank Group Officers' Retirement Benefits Fund                                    | 26,579,335         | 6.337         |
| 5            | Chen Choy & Sons Realty Sdn Berhad                                                                                                         | 23,714,310         | 5.654         |
| 6            | EB Nominees (Tempatan) Sendirian Berhad<br>Qualifier : Pledged Securities Account For Chen Choy & Sons Realty Sdn Berhad                   | 14,640,000         | 3.490         |
| 7            | Public Invest Nominees (Tempatan) Sdn Bhd<br>Qualifier : Public Bank Group Officers' Retirement Benefits Fund                              | 14,460,712         | 3.448         |
| 8            | RHB Capital Nominees (Tempatan) Sdn Bhd<br>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<br>Qualifier : Pledged Securities Account For Chen Choy & Sons Realty Sdn Bhd                    | 6,480,000          | 1.545         |
| 11           | Tasec Nominees (Asing) Sdn Bhd<br>Qualifier : Phillip Securities Pte Ltd                                                                   | 4,800,000          | 1.144         |
| 12           | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For<br>Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong | 3,950,000          | 0.942         |
| 13           | Lotus Way Sdn Bhd                                                                                                                          | 3,832,748          | 0.914         |
| 14           | Cau Vong Holdings Sdn Bhd                                                                                                                  | 3,750,749          | 0.894         |
| 15           | Koperasi Permodalan Felda Malaysia Berhad                                                                                                  | 3,690,000          | 0.880         |
| 16           | Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong                                                                                            | 3,555,910          | 0.848         |
| 17           | Citigroup Nominees (Tempatan) Sdn Bhd<br>Qualifier : Employees Provident Fund Board                                                        | 3,388,100          | 0.808         |
| 18           | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Liberty Alliance (M) Sdn Bhd                       | 3,185,840          | 0.760         |
| 19           | Citigroup Nominees (Tempatan) Sdn Bhd<br>Qualifier : Employees Provident Fund Board                                                        | 3,129,500          | 0.746         |
| 20           | Tan Sou Yee                                                                                                                                | 3,062,439          | 0.730         |
| 21           | Citigroup Nominees (Asing) Sdn Bhd<br>Qualifier : CBNY For Dimensional Emerging Markets Value Fund                                         | 3,021,869          | 0.720         |
| 22           | Wong Ah Tim @ Ong Ah Tin                                                                                                                   | 2,500,000          | 0.596         |
| 23           | Low Siew Lian                                                                                                                              | 2,329,409          | 0.555         |
| 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<br>Qualifier : Pledged Securities Account For Selestar Realty Sdn Bhd                              | 2,134,440          | 0.509         |
| 27           | HSBC Nominees (Tempatan) Sdn Bhd<br>Qualifier : Affin Hwang Aiiman Growth Fund                                                             | 2,100,000          | 0.501         |
| 28           | United Teochew (Malaysia) Bhd                                                                                                              | 1,640,300          | 0.391         |
| 29           | EB Nominees (Tempatan) Sendirian Berhad<br>Qualifier : Pledged Securities Account For Cau Vong Holdings Sdn Bhd                            | 1,584,000          | 0.378         |
| 30           | Citigroup Nominees (Asing) Sdn Bhd<br>Qualifier : CBNY For DFA Emerging Markets Small Cap Series                                           | 1,565,189          | 0.373         |
| <b>TOTAL</b> |                                                                                                                                            | <b>279,895,811</b> | <b>66.733</b> |

# DIRECTORS' SHAREHOLDINGS

AS AT 31 DECEMBER 2015

## MKH BERHAD

| Name of Director                | No. of Ordinary Shares of RM1.00 each |       |                   |        |
|---------------------------------|---------------------------------------|-------|-------------------|--------|
|                                 | Direct Interest                       | %     | Indirect Interest | %      |
| Tan Sri Dato' Chen Kooi Chiew @ |                                       |       |                   |        |
| Cheng Ngj Chong                 | 3,555,910                             | 0.848 | 181,502,150*      | 43.274 |
| Tan Sri Datuk Chen Lok Loi      | 7,564,704                             | 1.804 | 176,905,242^      | 42.178 |
| Datuk Chen Fook Wah             | 626,300                               | 0.149 | 173,719,402#      | 41.418 |
| 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 a 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 @ | 1                                     | Negligible | -                 | - |
| Cheng Ngj Chong                 |                                       |            |                   |   |

# ANALYSIS OF WARRANT HOLDINGS

AS AT 31 DECEMBER 2015

## WARRANTS B

|                                    |   |                                                                                                                                              |
|------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------|
| Rights Issue of Warrants 2012/2017 | : | 34,876,599                                                                                                                                   |
| No. of Warrants Unexercised        | : | 34,602,140                                                                                                                                   |
| 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                   | 132            | 9.593         | 5,211             | 0.015         |
| 100 - 1,000              | 530            | 38.517        | 234,245           | 0.677         |
| 1,001 - 10,000           | 466            | 33.866        | 1,785,780         | 5.161         |
| 10,001 - 100,000         | 209            | 15.189        | 6,493,983         | 18.768        |
| 100,001 - 1,730,106      | 38             | 2.762         | 11,039,639        | 31.904        |
| 1,730,107 and above      | 1              | 0.073         | 15,043,282        | 43.475        |
| <b>Total</b>             | <b>1,376</b>   | <b>100.00</b> | <b>34,602,140</b> | <b>100.00</b> |

## SUBSTANTIAL WARRANT HOLDERS

|   |                                                 | No. of Warrants Held |        |                         |        |
|---|-------------------------------------------------|----------------------|--------|-------------------------|--------|
|   | Name of Warrant Holder                          | Direct Interest      | %      | Indirect Interest       | %      |
| 1 | Chen Choy & Sons Realty Sdn Bhd ("CCSR")        | 15,043,282           | 43.475 | -                       | -      |
| 2 | Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong | 635,491              | 1.837  | 15,333,926 <sup>#</sup> | 44.315 |
| 3 | Tan Sri Datuk Chen Lok Loi                      | 630,391              | 1.822  | 15,281,302 <sup>^</sup> | 44.163 |
| 4 | Datuk Chen Fook Wah                             | 116,000              | 0.335  | 15,043,282 <sup>*</sup> | 43.475 |

### Notes :

<sup>#</sup> Deemed interest through shares held in CCSR and Lotus Way Sdn Bhd.

<sup>^</sup> Deemed interest through shares held in CCSR and a nominee company.

<sup>\*</sup> Deemed interest through shares held in CCSR.



# 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        | 43.475        |
| 2            | Chong Gong Gong                                                                                                      | 1,079,200         | 3.119         |
| 3            | United Teochew (Malaysia) Bhd                                                                                        | 1,063,600         | 3.074         |
| 4            | Public Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Lee Ah Noi                          | 760,000           | 2.196         |
| 5            | Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngı Chong                                                                      | 635,491           | 1.837         |
| 6            | Tan Sri Datuk Chen Lok Loi                                                                                           | 630,391           | 1.822         |
| 7            | UOB Kay Hian Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Rentas Megah Sdn Bhd          | 624,600           | 1.805         |
| 8            | RHB Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Ng Kim Choo                            | 512,405           | 1.481         |
| 9            | Yong Moh Lim                                                                                                         | 501,300           | 1.449         |
| 10           | UOB Kay Hian Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Lim Teong Leong               | 360,000           | 1.040         |
| 11           | Maybank Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Teoh Wooi Hang                     | 307,560           | 0.889         |
| 12           | Lotus Way Sdn Bhd                                                                                                    | 290,644           | 0.840         |
| 13           | Tan Sou Yee                                                                                                          | 279,082           | 0.807         |
| 14           | Fong Moh Cheek @ Fong Mow Kit                                                                                        | 252,000           | 0.728         |
| 15           | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Liberty Alliance (M) Sdn Bhd | 238,020           | 0.688         |
| 16           | UOB Kay Hian Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Chan Sook May                 | 233,400           | 0.675         |
| 17           | Cau Vong Holdings Sdn Bhd                                                                                            | 214,000           | 0.618         |
| 18           | Goh Thong Beng                                                                                                       | 192,000           | 0.555         |
| 19           | Low Siew Lian                                                                                                        | 190,708           | 0.551         |
| 20           | Public Nominees (Tempatan) Sdn Bhd<br>Qualifier : Pledged Securities Account For Yap Soon Heng                       | 187,980           | 0.543         |
| 21           | Chua Kwang Khim                                                                                                      | 174,500           | 0.504         |
| 22           | Lam Seng Plastics Industries Sdn Bhd                                                                                 | 163,500           | 0.473         |
| 23           | Penney Khoo Soh Ping                                                                                                 | 157,797           | 0.456         |
| 24           | Ong Chooi Hwa                                                                                                        | 151,000           | 0.436         |
| 25           | Wong Jee Shyong                                                                                                      | 151,000           | 0.436         |
| 26           | Chen Yoke Faa                                                                                                        | 140,000           | 0.405         |
| 27           | Sia Soo Ching                                                                                                        | 139,580           | 0.403         |
| 28           | Chang Voon Teck                                                                                                      | 139,000           | 0.402         |
| 29           | Cimsec Nominees (Tempatan) Sdn Bhd<br>Qualifier : CIMB Bank For Lim Guat Kee                                         | 130,000           | 0.376         |
| 30           | Key Development Sdn Berhad                                                                                           | 124,711           | 0.360         |
| <b>TOTAL</b> |                                                                                                                      | <b>25,066,751</b> | <b>72.443</b> |

# DIRECTORS' WARRANT HOLDINGS

AS AT 31 DECEMBER 2015

## MKH BERHAD

| Name of Warrant Holder                             | Direct Interest | No. of Warrants Held |                   |        |
|----------------------------------------------------|-----------------|----------------------|-------------------|--------|
|                                                    |                 | %                    | Indirect Interest | %      |
| Tan Sri Dato' Chen Kooi Chiew @<br>Cheng Ngı Chong | 635,491         | 1.837                | 15,333,926*       | 44.315 |
| Tan Sri Datuk Chen Lok Loi                         | 630,391         | 1.822                | 15,281,302^       | 44.163 |
| Datuk Chen Fook Wah                                | 116,000         | 0.335                | 15,043,282#       | 43.475 |
| 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-SIXTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Sixth Annual General Meeting (“36th AGM”) of MKH Berhad will be held at Ballroom, 1st Floor, Prescott Hotel Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 10 March 2016 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 2015 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 2015. (Ordinary Resolution 1)
3. To re-elect Tan Sri Datuk Chen Lok Loi, 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 Ng Chong (Ordinary Resolution 3)
  - (b) Datuk Mohammad Bin Maidon (Ordinary Resolution 4)
  - (c) Mohammed Chudi Bin Haji Ghazali (Ordinary Resolution 5)
  - (d) Haji Mohamed Bin Ismail (Ordinary Resolution 6)
  - (e) Haji Hasan Aziz Bin Mohd Johan (Ordinary Resolution 7)
5. To re-appoint Messrs Deloitte as the Company’s Auditors and to authorise the Directors to fix their remuneration. (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)
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

## NOTICE OF THIRTY-SIXTH ANNUAL GENERAL MEETING

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### 7. Ordinary Resolution (continued)

#### Proposed Renewal Of Share Buy-Back (continued)

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, finalise 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)

### 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)

8. Ordinary Resolution (continued)  
Retention of Independent Directors (continued)

- (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 : 28 January 2016

**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 3 March 2016 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, 5th 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.

## **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 Fifth (35th) AGM held on 5 March 2015. 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 36th AGM to be held on Thursday, 10 March 2016.

### **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.

**9. Explanatory Statement Pertaining to Special Business (continued)**

**Ordinary Resolution 10 (continued)**

The detailed information on the Proposed Renewal of Share Buy-Back is set out in the Statement to Shareholders dated 28 January 2016 which is dispatched together with the Annual Report 2015.

**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 service 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-SIXTH 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 36th AGM of MKH Berhad are as follows:-

|                                                     |                         |
|-----------------------------------------------------|-------------------------|
| (a) Tan Sri Datuk Chen Lok Loi                      | (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 34 to 37 of the Annual Report.

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 191 and 194 of this Annual Report.



**MKH BERHAD**  
(Company No. 50948-T)  
(Incorporated in Malaysia)

## Form of Proxy

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-Sixth Annual General Meeting of the Company to be held at the Ballroom, 1st Floor, Prescott Hotel Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Thursday, 10 March 2016 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, Tan Sri Datuk Chen Lok Loi                                                           |     |         |
| 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 - Re-appointment of Messrs Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration. |     |         |
| 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 \_\_\_\_\_ 2016

**Number of Share 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 notorially 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 3 March 2016 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 notorially certified copy thereof must be deposited at the registered office at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, at least 48 hours before the time appointed for holding the meeting.

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AFFIX  
STAMP

THE COMPANY SECRETARY  
**MKH BERHAD** (50948-T)  
Suite 1, 5th Floor  
Wisma MKH  
Jalan Semenyih  
43000 Kajang  
Selangor Darul Ehsan

Please fold here



**MKH BERHAD** (50948-T)

5th Floor, Wisma MKH, Jalan Semenyih,  
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**Tel :** +603-8737 8228    **Fax :** +603-8736 5436

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